



Planning for Your Wealth

1st Quarter
2012

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How Much Do You Know about Social Security?



Social Security is in the news more and more, as the first wave of baby boomers retire and economic pressures on the program increase. More than 90% of Americans are covered by Social Security,* but how much do you know about this important program?

How is Social Security funded?

Unlike many government programs, Social Security is funded primarily through the collection of payroll taxes. In 2010, 81.9% of funding came from this source, with the rest derived from interest earned on government bonds held by Social Security trust funds and income taxes paid on benefits.* That's why Social Security is known as a "pay-as-you-go" system. However, someone working and paying Social Security taxes today is not funding his or her own benefits, but is funding the benefits of someone who is receiving them now or in the near future--one of the reasons why Social Security is facing a potential funding shortfall. According to the Social Security Administration (SSA), the number of retired workers will double in less than 30 years, but there will be fewer workers paying into the system. And with life expectancies increasing, benefits will be paid for a longer period.*

How are earnings reported to the SSA?

If you work for an employer, your employer will send a copy of your W-2 form

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Ask the Experts: How Secure is Your Mobile Device?



A host of financial applications, or "apps," available for use on a smartphone or other web-enabled mobile device has made handling your finances easier. Among other things, you can manage your accounts using integrated money management tools, plan a budget, track business mileage, compare prices,

calculate loan payments, and track the stock market in real time--wherever and whenever you want. But using these apps without first making sure your device is secure can expose you to unnecessary risks.

Start with the basics--read the manual. Find out what security features are included and activate them according to the manufacturer's instructions.

One major risk is that mobile devices are frequently lost or stolen, potentially exposing your personal and financial information. As inconvenient as it might be, using a passcode

on your device is an essential first step to keeping your information safe. If your device has a smart card (called a SIM card) with a microchip that stores your personal information, you'll want to add a passcode to that too. You may also want to purchase software that will allow you to remotely lock your device, wipe data from it, or even track it via GPS.

As the use of smartphones and other mobile devices grows, mobile cybercrime is also growing. Be especially careful when downloading apps. To reduce the odds that you'll end up with malicious code on your device that could compromise your security, deal only with reputable vendors and sites. Make sure that you have installed antivirus, anti-spam, and encryption software that will help protect your device from spyware, viruses, and other threats, and keep it up-to-date. Avoid storing confidential information on your phone, and never respond to messages or click on attachments sent by individuals you don't know.

Finally, if your phone or device is lost, stolen, or otherwise compromised, contact your data plan provider immediately to report the incident, and have your service suspended.

Shobe Current News

Welcome, Baby Briley

Congratulations to Ed Shobe, CFP®, CLU, on the birth of his granddaughter, Briley Elizabeth Leonard. Proud parents Angie Shobe Leonard and husband Brian welcomed Briley on October 20, 2011.



Newborn Briley Elizabeth Leonard with grandfather, Ed Shobe.

Baton Rouge FPA Board

Craig Kliebert, CFP®, and Associate Planner Corey Lockett have recently been selected to serve as committee directors for the Baton Rouge chapter of the Financial Planning Association. Corey will direct the Pro Bono committee and Craig will direct the Public Relations and Awareness committee. The Financial Planning Association and its members are committed to the value and advancement of the financial planning profession.

Best of the Best

Jason Windham, CFP®, CLU, ChFC, CIMA, attended the Raymond James Institute of Investment Management Consulting (IIMC) Portfolio Management Group Conference in




October. Jason was one of 80 attendees chosen from 5,000 Raymond James financial advisors. The invite-only forum is designated for top financial advisors who excel in managing client portfolios. This opportunity allows the advisors to collaborate and share knowledge to better serve their clients.

CFP® Bound

Adding to her academic achievements, Associate Planner Erin Sigur passed her Uniform Combined State Law Exam in December. Successful completion of this examination licenses her as a securities agent and investment advisor. Erin has enrolled in courses to become a Certified Financial Planner, a designation of excellence and professional competence in the financial planning community.

On the Panel

Craig Kliebert recently participated in an by-invitation only due-diligence trip to the home offices of American Funds in Los Angeles. Select few financial advisors were allowed to be involved in question and answer sessions and panel discussions with the American Funds' Managers.

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The Problem with Do-It-Yourself Estate Planning



As the number of Internet websites and software packages have quickly multiplied, along with the many books and stationery store kits that have always been available, do-it-yourself (DIY) estate planning is on the rise. The one-size-fits-all fill-in-the-blank forms that these sources provide may be attractive to some

individuals because they cost a fraction of what attorneys typically charge. But is saving a few dollars worth the risk and potentially high cost of doing things incorrectly?

Cheap, easy, and better than nothing?

Proponents of DIY estate planning typically have two arguments:

1. It's cheap and easy: A will, for instance, can be completed online in about 15 minutes for about \$69. In comparison, working with an experienced attorney to create common estate planning documents (wills, trusts, health-care directives, and powers of attorney) may cost you anywhere from \$800 to \$3,000 or more, depending on the complexity of your estate.
2. It's better than nothing: The consequences of dying without estate planning documents are that the state will make important decisions for you, such as how your property will be distributed, who will care for your minor children, and what medical care you'll receive if you are unable to make your wishes known.

The one-size-fits-all fill-in-the-blank forms that do-it-yourself estate planning sources provide may be attractive to some individuals because they cost a fraction of what attorneys typically charge. But is saving a few dollars worth the risk and potentially high cost of doing things incorrectly?

These points are valid; for those who cannot afford to pay an attorney, DIY may be the only economical alternative available. For others, a poorly drafted will is better than no will at all, especially where the naming of a guardian for minor children is involved. But the chances that DIY estate planning will effectively accomplish exactly what you intend is slim. Here's why.

It's too easy to make mistakes

DIY sources typically only handle simple estates, and can't deal with even the most common complexities such as children from a prior marriage, children with special needs, property that has appreciated in value resulting in capital gains, or estates that are large enough to be subject to estate taxes. And, DIY sources

generally fail altogether to take advantage of sophisticated estate planning strategies because they typically can't account for an individual's unique circumstances.

Further, you may make an error by failing to understand the instructions or by following the instructions incorrectly.

The result is that the documents you create could be invalid, ineffective, or contain legal language having consequences you never intended. You might not know if that is the case during your lifetime, but at your death your loved ones will find out and may suffer the lasting consequences of your mistakes.

You're not getting legal advice

DIY sources provide forms but not legal advice. In fact, these sources clearly state that they are not a substitute for an attorney, and that they are prohibited from providing any kind of legal advice.

Estate planning involves a lot more than producing documents. It's impossible to know, without a legal education and years of experience, what the right legal solution is to your particular situation and what planning opportunities are available. The actual documents produced are simply tools to put into effect a plan that should be specifically tailored to your circumstances and goals.



Estate planning laws change

Laws are not static. They constantly change because of new case law and legislation, especially when it comes to estate taxes. Attorneys keep up with these changes. DIY websites, makers of software, and other sources may not do as good a job at keeping current and up-to-date.

Fixing mistakes can be costly

As previously stated, estate planning documents can be obtained from a lawyer for \$800 to \$3,000 or more, depending on the complexity of your estate. But these costs are minor in comparison to the costs that your loved ones may incur if there are serious errors in your DIY estate planning. Many more thousands of dollars may have to be spent by your loved ones to undo what was done wrong.

The bottom line

There are obvious savings in legal fees by using form wills and trusts, but there are also risks involved. One of them is that problems such as defective forms, violations of state law, or improper witnessing will not be apparent to you when the documents are signed. It may be only after death occurs many years later when the problems are discovered, and at that point it may be very costly, or even worse, too late to revise the documents.

annually to the SSA. If you're self-employed, the IRS will report your earnings to the SSA annually after your federal income tax return has been processed.

What benefits are available?

Although Social Security is known as a retirement program, benefits are paid to people of all ages, including surviving family members and disabled individuals. In 2010, 5.7 million people were awarded Social Security benefits. Of those, 46% were retired workers, 36% were survivors or spouses/children of retired or disabled workers, and 18% were disabled workers.*

How do you qualify for benefits?

As you work and pay payroll taxes, you earn Social Security credits. Generally, you need to work 10 years to earn enough credits to qualify for retirement benefits--other benefits have different requirements. Contact the SSA if you have any questions about your benefit entitlement.

Do most people apply for early retirement benefits?

Yes. According to a report by the Government Accounting Office (GAO), 43% of people take early retirement benefits at age 62, while almost 73% of people apply for benefits before they reach full retirement age.**

How much more will you receive if you delay applying for benefits?

For each year past your full retirement age you delay receiving benefits, your Social Security benefit will increase by a certain percentage (8% for anyone who was born in 1943 or later). For example, if your full retirement age is 66 and you delay receiving benefits until age 70, your annual benefit will be 32% higher.

Can you receive benefits based on an ex-spouse's record?

You may qualify for divorced spousal benefits if you were married for at least 10 years, you haven't remarried, you are age 62 or older, and you don't qualify for a higher benefit

based on your own work record.

Do workers with lower earnings receive more from Social Security?

A worker who has lower earnings will receive a lower monthly benefit than someone with higher earnings because benefits are based on average lifetime earnings (the highest 35 years of earnings are used in the calculation). However, the Social Security benefit formula is designed to ensure that workers with lower earnings receive a greater percentage of their preretirement earnings. For example, a worker with relatively low earnings may receive a benefit that is approximately 55% of his or her preretirement earnings, while a worker with relatively high earnings may receive a benefit that is approximately 25% of his or her earnings.***

Do you have to stop working to receive Social Security retirement benefits?

No. As long as you've reached early retirement age and meet eligibility requirements, you can apply for Social Security benefits even if you decide to continue working. However, if you're younger than full retirement age and earn more than a certain amount, your benefits will be temporarily reduced (once you reach full retirement age, your benefits will be increased to account for the money that was withheld).

**Source: Fast Facts & Figures About Social Security, 2011*

***Source: GAO-11-400, Retirement Income, June 2011, based on data compiled by the SSA Office of the Chief Actuary*

For more information, visit the Social Security website at www.socialsecurity.gov or call 800-772-1213.

****Source: SSA Publication No. 05-10045, 2011*

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Market Perspectives



2011 saw tremendous stock market volatility, but essentially no change for broad U.S. market indices. Investors were taken on a wild ride that included 69 days in which 90% of the S&P 500 stocks moved in the same direction. When the smoke had cleared, the blue-chip Dow was up 5.5% in 2011, while the S&P 500 was off a tiny 0.003% and the tech-heavy NASDAQ lost 1.8%.

Looking back at 2011, investors were generally optimistic as the year began, citing a record \$2 trillion in cash on corporate balance sheets, record profit margins and an improving U.S. economy. Despite higher oil prices and a tragic tsunami and nuclear accident in Japan, stocks reached a three-year high in April. However, things began to unravel after that, as European leaders grappled with a steadily worsening debt crisis and political squabbling over the U.S. debt ceiling took the nation close to default and put investors in a dark mood. Matters came to a head in August when Standard &

Poor's issued a historic downgrade of the U.S. credit rating and markets gyrated wildly, with the Dow bouncing up and down by 400 points or more for four straight days. The Dow dropped 4.4% in August, its worst decline of the year, and stocks moved inconclusively throughout the balance of 2011.

	12/30/11 Close	12/31/10 Close	Change	Gain/Loss
DJIA	12,217.56	11,577.51	+640.05	+5.53%
NASDAQ	2,605.15	2,652.87	-47.72	-1.80%
S&P 500	1,257.60	1,257.64	-0.04	-0.003%

The twin problems of uncertainty and volatility send investors scurrying for safety in 2011, with the U.S. debt remaining a preferred haven despite the rating downgrade. Treasury bonds had their best year since the 2008 global financial crisis, with the benchmark 10-year yield ending 2011 below 2% for the first time since at least 1977, down 1.45 percentage points for the year. Investors also preferred U.S. stocks – foreign markets were off substantially in 2011, with British shares down 5.6% for the year, German equities declining 14.7%, and Japanese stocks falling more than 17%.

Going forward, investors will be focused on U.S. job growth, unemployment, corporate earnings reports, and Europe's ongoing debt problems. Other factors weighing heavily on the markets include the upcoming U.S. elections and uncertainties regarding taxes.

As 2012 begins, many of the factors that worried investors last year are still with us, and more volatility may lie ahead. In that context, avoiding emotional decisions is critical. Please do not hesitate to contact us with any questions or concerns regarding your investment strategy. We would be happy to review it with you.

Investing involves risk, and investors may incur a profit or a loss. Past performance is not an indication of future results. Investors cannot invest directly in an index.

CAPITAL MARKETS SNAPSHOT

Equity Indices	As of 12/31/2011	4Q11 Return	12-Month Return
Dow Jones Industrial Average	12,217.56	12.78%	8.38%
S&P 500	1,257.60	11.82%	2.11%
NASDAQ	2,605.15	8.21%	-0.79%
MSCI EAFE	1,412.55	3.40%	-11.67%

Commodities	As of 12/31/2011	4Q11 Return	12-Month Return
Gold	1,563.70	-3.71%	10.06%
Crude Oil	98.83	24.79%	8.15%

Rates (%)	As of 12/31/2011	As of 12/31/2010
Fed Funds Target Rate	0.25	0.25
3-Month LIBOR	0.58	0.30
6-Month CD	0.64	0.40
10-Year Treasury	1.89	3.30
30-Year Mortgage	4.08	4.82
Prime Rate	3.25	3.25

Currencies	As of 12/31/2011	As of 12/31/2010
U.S. Dollars per Euro	1.30	1.34
U.S. Dollars per British Pound	1.55	1.56
Japanese Yen per U.S. Dollar	76.99	81.19
Canadian Dollars per U.S. Dollar	1.02	0.99

ASSET CLASS RETURNS

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fixed Income 8.4%	Commodities 25.9%	Real Estate 40.7%	Real Estate 38.0%	Commodities 21.4%	Real Estate 42.3%	Commodities 16.2%	Fixed Income 5.2%	Real Estate 36.3%	Real Estate 20.4%	Fixed Income 7.8%
Cash & Cash Alternatives 4.1%	Fixed Income 10.3%	Non-U.S. Equity 39.4%	Non-U.S. Equity 20.4%	Real Estate 15.4%	Non-U.S. Equity 26.7%	Non-U.S. Equity 12.4%	Cash & Cash Alternatives 1.8%	Non-U.S. Equity 33.7%	U.S. Equity 16.9%	U.S. Equity 1.0%
Real Estate -3.8%	Real Estate 2.8%	U.S. Equity 31.1%	U.S. Equity 11.9%	Non-U.S. Equity 14.5%	U.S. Equity 15.7%	Fixed Income 7.0%	Commodities -35.6%	U.S. Equity 26.3%	Commodities 16.8%	Cash & Cash Alternatives 0.1%
U.S. Equity -11.5%	Cash & Cash Alternatives 1.7%	Commodities 23.9%	Commodities 9.1%	U.S. Equity 6.1%	Cash & Cash Alternatives 4.8%	U.S. Equity 5.1%	U.S. Equity -37.3%	Commodities 18.9%	Non-U.S. Equity 9.0%	Real Estate -5.8%
Commodities -19.5%	Non-U.S. Equity -15.8%	Fixed Income 4.1%	Fixed Income 4.3%	Cash & Cash Alternatives 3.0%	Fixed Income 4.3%	Cash & Cash Alternatives 4.7%	Non-U.S. Equity -43.6%	Fixed Income 5.9%	Fixed Income 6.5%	Non-U.S. Equity -12.2%
Non-U.S. Equity -21.4%	U.S. Equity -21.5%	Cash & Cash Alternatives 1.1%	Cash & Cash Alternatives 1.2%	Fixed Income 2.4%	Commodities 2.1%	Real Estate -6.9%	Real Estate -47.7%	Cash & Cash Alternatives 0.2%	Cash & Cash Alternatives 0.1%	Commodities -13.3%

The asset classes and reference benchmarks are as follows:

Asset Class	Benchmark Used
U.S. Equity	Russell 3000
Non-U.S. Equity	MSCI World, ex-U.S.
Fixed Income	BC Aggregate
Real Estate	FTSE EPRA NAREIT Global Real Estate
Commodities	DJ UBS Commodity Index
Cash & Cash Alternatives	Citi 3-month T-Bill

Sources: Bloomberg, U.S. Treasury, as of 12/31/11. See asset class benchmarks listed on page 8. The information contained herein has been obtained from sources considered reliable, but we do not guarantee that the foregoing material is accurate or complete.

There is no assurance that any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss. Asset allocation and diversification do not ensure a profit or protect against a loss.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. Investing in emerging and frontier markets can be riskier than investing in well-established foreign markets.

Investing in small- and mid-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.

There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. High-yield bonds are not suitable for all investors. The risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

U.S. government bonds and treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term obligations of the US government.

While interest on municipal bonds is generally exempt from federal income tax, it may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit.

Investing in REITs can be subject to declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments. Dividends will fluctuate and are not guaranteed.

Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Markets for precious metals and other commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum net worth tests. Investors should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. Investors should only invest in hedge funds, managed futures, distressed credit or other

similar strategies if they do not require a liquid investment and can bear the risk of substantial losses. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided. Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product that attempts to mimic the performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results.

The DOW is an unmanaged index of 30 widely held stocks.

The NASDAQ Composite is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market.

The S&P 500 index is an unmanaged index of 500 widely held stocks.

The Dow Jones-UBS Commodity IndexesSM are composed of exchange-traded commodity futures contracts rather than physical commodities.

The Citigroup 3-Month T-Bill Index is an unmanaged index of three-month Treasury bills.

The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

The Barclays Capital U.S. Corporate High Yield Index is a total return performance benchmark for fixed income securities having a maximum quality rating of Ba1 (as determined by Moody's Investors Service).

The European Public Real Estate Association (EPRA) is a common interest group, which aims to promote, develop and represent the European public real estate sector. The National Association of Real Estate Investment Trusts® (NAREIT) is the trade association for REITs and publicly traded real estate companies with an interest in the US property and investment markets.

The FTSE EPRA/NAREIT Global Real Estate Index Series is designed to represent general trends in eligible listed real estate stocks worldwide. Relevant real estate activities are defined as the ownership, trading and development of income producing real estate.

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The MSCI EAFE (Europe, Australasia, Far East) is a free float adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The MSCI World, ex-U.S. index is a market-capitalization-weighted index and is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies. The MSCI World ex-U.S. index includes both developed and emerging markets.