



President's Corner

March 2008

Issue 0308-01

401K Drawdown

In the past we have noted that many Americans utilized the equity in their homes much as they might an ATM machine (December 2006). In February 2007 we were critical of growth of so called reverse mortgages.

Once again, just when we think we have seen it all, we have discovered that an outfit by the name of Reserve Plus is actually issuing a form of debit card which allows 401k participants to access a portion of the equity in their retirement plans through ATM machines (among other places)! Indeed we imagine that we have not heard it all, and that yet another scheme will soon emerge which will create fees for the financial service industry at the expense of the financial well being of the individual.

It seems to us that the U.S. Federal Reserve is far more worried about the economy, the larger financial firms and the securities markets than it is about the declining value of the dollar or inflation. We believe the Fed will continue to act to stimulate the economy as best it can, but will pay only "lip service" in the fight against inflation. Frankly, we believe that so much damage has been done and so many excesses have already been created that Federal Reserve actions will be less successful than desired.

We wish to reiterate our prior advice concerning reductions (or elimination) of participation in the equity sector in most portfolios (other than trading accounts). Please see our issue 0108-01 concerning our comments on fixed income and money markets.

As always, please call us for ideas and an assessment of your particular situation.

Polar Investment Counsel Inc is a federally registered investment advisory firm and broker dealer which manages customer accounts on a fee or commission basis. The firm's senior principal, Michael Jordan, has nearly thirty-five years of industry experience.

Michael C. Jordan
President

Polar Investment Counsel, Inc.

Member: FINRA, NFA, MSRB, SIPC
Investment Advisory
Home Office: Thief River Falls MN 56701
218.-681.7344 * 218.681.1329 [fax]
www.polarinvest1.com

The information presented is true & reliable to the best of the firm's knowledge. The opinions expressed are not necessarily the same views of the firm or writer.