



The Alamo Oak

Rotary Club of Alamo

February 4, 2009

Alamorotary.org

ROUND HILL PROGRAM CALENDAR:

Date	Program	Greeter
February 18 th	Gallagher	Combs
February 25 th	Combs Mark Curtis, Author Speaks about the 2008 Presidential Campaign	Glasser

UPCOMING EVENTS:

February 9, 2009: Club and Foundation Board meeting at Jim's home.

February 11, 2009: Valentine's Day Dinner Meeting!
(NO LUNCH MEETING)

TODAY'S GUESTS:

Steve Butler, Speaker
Bill Stone, Past President Alamo Rotary
Mary Kay Foss, Danville Rotary
Carlanne Cheney
Guy Greco AG

February 4, 2009 Announcements/Reminders

Beth Randall:

Jim announced that Beth is to be discharged today-Welcome Home!

Valentine's Dinner Meeting:

Wednesday February 11th at Scotts Restaurant in Walnut Creek; 6:30PM

Dinner with entertainment by Jack Pollard.

Make sure you have paid Mark Kahn and made your choice of entrée.

March 11th: Double Header ... Our speaker at lunch on the 11th, arranged by Bart Gledhill, will be Beverly Lane, Board member and Treasurer of East Bay Regional Parks. **Six Club Dinner meeting** at Roundhill Country Club will feature Jeff Tedford as our speaker. He may talk about Cal Football.

Prepaid reservations required, \$40 per person. Contact Jim Schuppert.

March 18th: Our guest speaker will be Cliff Dochterman, 92-93 Rotary International President and member of the Moraga Club. An excellent opportunity to bring guest particularly prospective members.

Sign up sheet will be circulated at upcoming meetings.

Oakland Rotary Centennial Golf Tournament: Monday March 23rd at Sequoyah Country Club in Oakland. Lunch on the course, shotgun start at 11am followed by dinner. \$250 per player. Dinner only is \$50. Contact Jim Schuppert for details if you are interested in organizing a foursome.

Easter Egg Hunt: Is on April 4th. Looking for volunteer to lead the organization. Chuck Ortmeyer will assist.

Bocce Ball Tourney: May 9th at Martinez Bocce Ball Federation, noon to 6PM. Contact Bill Ferguson or Mark Kahn if interested.



Fines/Recognitions:

Bill Ferguson was back in action today:

Eric Roberts confessed his 1 year Rotary Anniversary, his recent birthday and an upcoming vacation.

John Hansen celebrated his 60th on Saturday with his girls at Casa Orinda. Since friends paid the tab, Bill fined him \$60!

Bob West was fined \$21 for his 21 years in the Alamo Rotary.

JP Furber..the only time we hear from him is when he's getting fined! \$60 for his 1 year Rotary anniversary, his wife's birthday and his upcoming skiing trip to Sun Valley, Idaho.

Raffle: Eric Roberts pulled a black marble, leaving \$45 for next week.

Our Program:

Thanks to Brad Gai, we were able to have Steve Butler as our speaker. Steve is the founder and President of Pension Dynamics Corporation. He is the author of two books on 401(k) plans - "The Decision-maker's Guide to 401(k) Plans" and a sequel, "401(k) Today." He is nine-year weekly financial columnist for the Contra Costa Times, and has also written featured articles for the New York Times, Wall Street Journal, CFO and MONEY. Mr. Butler has also testified

repeatedly in Washington and has appeared on national television with Tom Brokaw and CBS news.

He spoke about market inefficiencies, Andy Rudd's Modern Portfolio Theory and the virtues of diversifying and rebalancing -- creating the "path of minimum regret". According to Butler..a portfolio with 1/3 bonds and 2/3 stocks would be a prudent mix. For fixed income investors, he advised that keeping costs as low as possible should be a priority.. for example, Vanguard. Here are some excerpts from his blog on pensiondynamics.com:

Investment Fundamentals
January 12, 2009

It's always disappointing to lose money in the stock market — especially when we were doing so well there for a while. However, it's the fear of the unknown that can cloud our judgment and compound our problems. At times like this it helps to review some investment basics.

Fundamental #3 — Market Rebounds are Sudden, Surprising and Substantial

The market will rebound sooner or later. Since 1970, there have been five major market "breaks" and the average 12-month rate of return following the lowest point was 38 percent (the following two year periods were 11 percent and 4 percent respectively.) Most investors who throw in the towel and bail out after losing, say, fifteen to twenty percent, are traumatized and rarely have the stomach to jump back in at the slightest hint of a turnaround. However, acting on that slightest hint is what earns people most of that 38 percent, because the bulk of the gain happens close to the bottom. Selling out locks in losses forever, and human nature stands

in the way of ever gaining the money back. That's why a buy and hold "mantra" has served most people so well for so long. Trying to time the market leads to disaster, but if you're trying anyway, it is better to be three months early than three months late. .

Fundamental #4 — Long Term, We're Not in Bad Shape
"Wagner's music is not as bad as it sounds" said Mark Twain, and the same could be said about the stock market today. The S&P 500 represents 70% of all available public stock and the share price of a typical 500 index fund has risen at a rate of 7.3 percent per year from April of '87 through April of '08. During that period, reinvested dividends averaged about 2 percent per year, so the total average annual gain was about 9.3 percent. Graphing the year-by-year return of that investment shows that, for several periods, actual results created a line way above what would have been a straight line illustrating a 9.3 percent return. For four years in a row during the late '90's, the 500 index gained over twenty percent per year. Again, in September of 2007, after four terrific years, the 500 index reached its all-time high — again way above the 7.3% line.

To Sum It Up...

It's easy to forget how much of today's loss was a result of giving back some of what we didn't deserve based on historical expectations. Those historical expectations, however, give us an amazingly resilient track to run on. One big "bump" like the 30 percent rise we saw in just eight months of 2003 is all it will take to be back on track to meet our long-term investment goals. A word to the wise: "Stay calm and keep investing steadily at these rock-bottom prices."

Posted by Steve Butler