

**Lesjak
Planning**
CORPORATION

The **Advisor** SPRING 2005

Market Comment

Recently, the price of oil and renewed inflation fears has taken center stage on the media's list of worries.

Following a less than spectacular first month of the year, February rolled back to bring the year close to even as measured by the Market indices. This muddling along action is quite common after a year in which the equities markets rebounded nicely from lows. Recently, the price of oil and renewed inflation fears has taken center stage on the media's list of worries.

What we see in the daily data is renewed interest in mergers and acquisitions along with healthy earnings being reported by the majority of corporations over the last quarter. An important indicator of corporate health is the free cash or liquidity that is available for paying dividends to shareholders or to invest back into the business. Currently, this free cash level is at its highest point over the past four decades. This level is measured over the 1,500 largest U.S. companies and bodes well in terms of strength for at least the near term.

The International markets have performed very well over the past six months. These economies have fed off of the U.S. recovery and are also being helped in terms of currency valuation due to the declining value of our dollar. We expect the overseas markets to

continue their performance edge over domestic issues and plan to re-allocate the gains from internationals once they become over weighted in your portfolio. To illustrate the strength of the various developed country stock markets, the U.S. stock market has not recorded the best annual return of all those listed, for any of the past twenty years!

When we encounter periods of flat market performance, such as now in our domestic stocks and bonds, it becomes quite important to have quality analysts and managers that are making the investment decisions for your money. We have spent the last few months re-visiting our manager criteria and spending considerable time in phone conversations and in person with our selected managers to be sure their investment objectives match ours. While we talk elsewhere in this letter of manager importance, it is in times like this past market cycle that separates the good from the average.

The underlying strengths of our economy and markets are encouraging for future growth and we are optimistic that with a diversified portfolio, equity returns should continue to outperform returns from fixed income for the foreseeable future. Although the last four to five years have been a bit rocky, with all that has happened with economic and world crisis, we are emerging financially strong.

Get Your Free Credit Report

As a result of an act of Congress back in 2003, starting in March all Ohio residents can obtain a free copy of their credit report. This is an important development. Only 40% of Americans have seen a copy of their credit report in the past two years. This low percentage is concerning when you consider how important and influential a credit report is on your life. Credit reports are used to determine everything from mortgage rates, car loans, credit card limits and rates to home and auto insurance premiums.

Obtaining and reviewing your credit report not only helps you get an idea of your financial health but also your financial security. It is important to review your credit report and determine if adjustments are necessary to reduce blemishes such as late or delinquent payments on utilities or loans. Perhaps even more important is checking the report for inaccuracies or fraud. Do not take accuracy for granted, a study last year revealed that 1 in 4 credit reports contained serious errors. Further, as identity theft continues to spread, keeping an eye on your outstanding credit may protect you from serious harm in the future.

There are three ways to get your free credit report. First, you can log on to www.annualcreditreport.com. Second, you can call 1-877-322-8228 and request the report by mail. Finally, you can write a letter with your Social Security number, date of birth, full name, current address and previous address to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281 and list the company you would like the report from (Experian, Equifax, or TransUnion). While the credit report is free, if you want your credit score you will have to pay separately for it.

We recommend that you get your free credit report and review it carefully. Upon reviewing it if you have any questions or concerns please call us and we would be happy to go over it with you.

Your Mutual Fund Managers

One year ago we discussed the importance of staying with proven money managers through short term periods of underperformance. Studies show how even the best managers experience down times and eventually outperform over the long term. As you know, our philosophy is to select managers carefully and change infrequently.

To take a glimpse into our research, there are four main pillars to identifying the best money managers. The first of which is Knowledge. We feel it is essential to be fully educated on each mutual fund and its money managers. It is important to consider what are the pros and cons to each manager and why the fund has outperformed or underperformed in the past.

Second, and most importantly, we must have a good Understanding of the manager's philosophy and objectives with regards to investing your monies. Through specific steps and communications we are able to garner that understanding and apply it towards creating your investment portfolios.

Next, we seek acceptable Performance from the money managers in the past and into the future. As you are aware, we rate each of the managers against other managers in their peer group to accurately gauge their overall performance. Therefore, while one type of fund may be down versus another, it may be due to its style rather than poor manager performance.

Finally, in the same way we make recommendations based on what is in your best interests, we select managers we feel put the interest of the fund's Shareholders before their own. This becomes evident in our communications with the managers and their overall corporate culture.

We are confident this process yields the best managers available to help you achieve your goals. If you would like to discuss the way we select managers in greater detail please do not hesitate to give us a call.

Lesjak Planning

Our business depends on you and your satisfaction. We appreciate your referrals in the past and in the future

Retirement Reinvented

Over the past ten or fifteen years we have noticed a considerable change in the definition of "retirement" from past generations. Although an increasing number of workers are calling it quits from their careers at younger ages, most are continuing to work either part time as consultants or in a new job altogether. A recent survey confirms this trend. This survey of adults between ages 40 and 58 revealed that 76% expect to retire from their current career at about age 64 and then launch a new job or career.

This may be brought on by necessity due to the fact that life expectancy is increasing and now stands at almost age 78 for Americans. The additional costs associated with longer years in retirement are being offset by working a few more years. This society is also more active and requires more income to sustain that lifestyle. As we have progressed from a manufacturing society here in the U.S. to a more service based society, not as much emphasis is

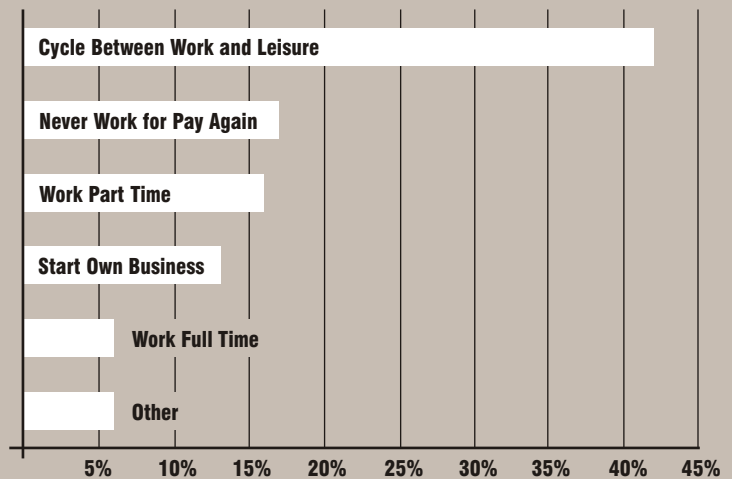
A Bull's-eye on Social Security

As you are all well aware, Social Security and its ability to fund the Baby Boomer generation during their retirement is a major issue. President Bush went so far as to make it number one on his agenda for the next four years. So, what are we going to do as 76 million baby boomers begin reaching age 62 in 2008?

There is an interesting correlation between when people retire and when government benefits begin. In France, Belgium and Italy less than 20 percent of the people work after age 60 when benefits start. Only 48 percent of the men in the United States continue working after age 62, down from 78 percent in 1960. Fittingly, the United States Government lowered the retirement age for men from 65 to 62 in 1960.

Also, consider there is no real financial incentive to delay social security benefits until your normal retirement age. Those who receive benefits early get smaller monthly checks, but also collect benefits for a longer period of time. Currently, 55 percent of workers collect social security at age 62 and less than one fourth wait until their normal retirement age.

How Baby Boomers Plan to Spend Their Retirement



placed on physical capabilities of the older worker and more is placed on the attained knowledge and experience which is invaluable.

We expect to see this trend continue to move in this direction as a large number of baby boomers begin to hit age 62 in the year 2008.

A look back to 1935 reveals the original retirement age of 65 was set when life expectancy was age 63. Hmm. Life expectancy is now up to age 77 and those who live to 65 are expected to be around until age 83. The system was simply not designed to payout benefits for extended periods of time.

Several leading economists, including Federal Reserve Chairman Alan Greenspan, suggest Congress should consider raising retirement ages to help reduce the overall cost to Social Security. Consider that a one year increase in the retirement age is equivalent to a 7 percent reduction in payouts to the system.

Another option involves the private investment accounts recommended by the President. These would be set up for younger workers in the hope that higher returns will help offset costs of longer retirements. Additional options include raising the Social Security payroll tax and cutting monthly benefits over time.

The majority of policy makers and economists agree the problem can be fixed. Most likely, the solution will include some, if not all, the above options. It will be up to Congress and the President to work together and develop a solution that they can all agree on. That may take some time.

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TGIF! Mark Your Calendars!

Year Anniversary

On **Friday, September 23, 2005**, we hope you will "Cruise On In" to the St. Clarence Pavilion in North Olmsted, Ohio, to **celebrate Lesjak Planning Corp's 25th Anniversary**. We'll start the evening with a casual dinner and then, get ready to kick off those shoes ... back by popular demand from our 20th Anniversary Dinner Party...The Remember When Band!

We hope you will join us for this fun filled evening. Keep an eye out for further details!

Market Summary Year to Date

Dow Industrials	+0.27%
Dow Transportation	-1.20%
S&P 500 Index	-0.15%
NASDAQ Composite	-4.96%
Russell 2000	-2.19%
International	+2.40%

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