

**Saturday – April 30, 2011**

**Monica L. Walker**  
*Chief Executive Officer*  
*& Chief Investment Officer – Equity*

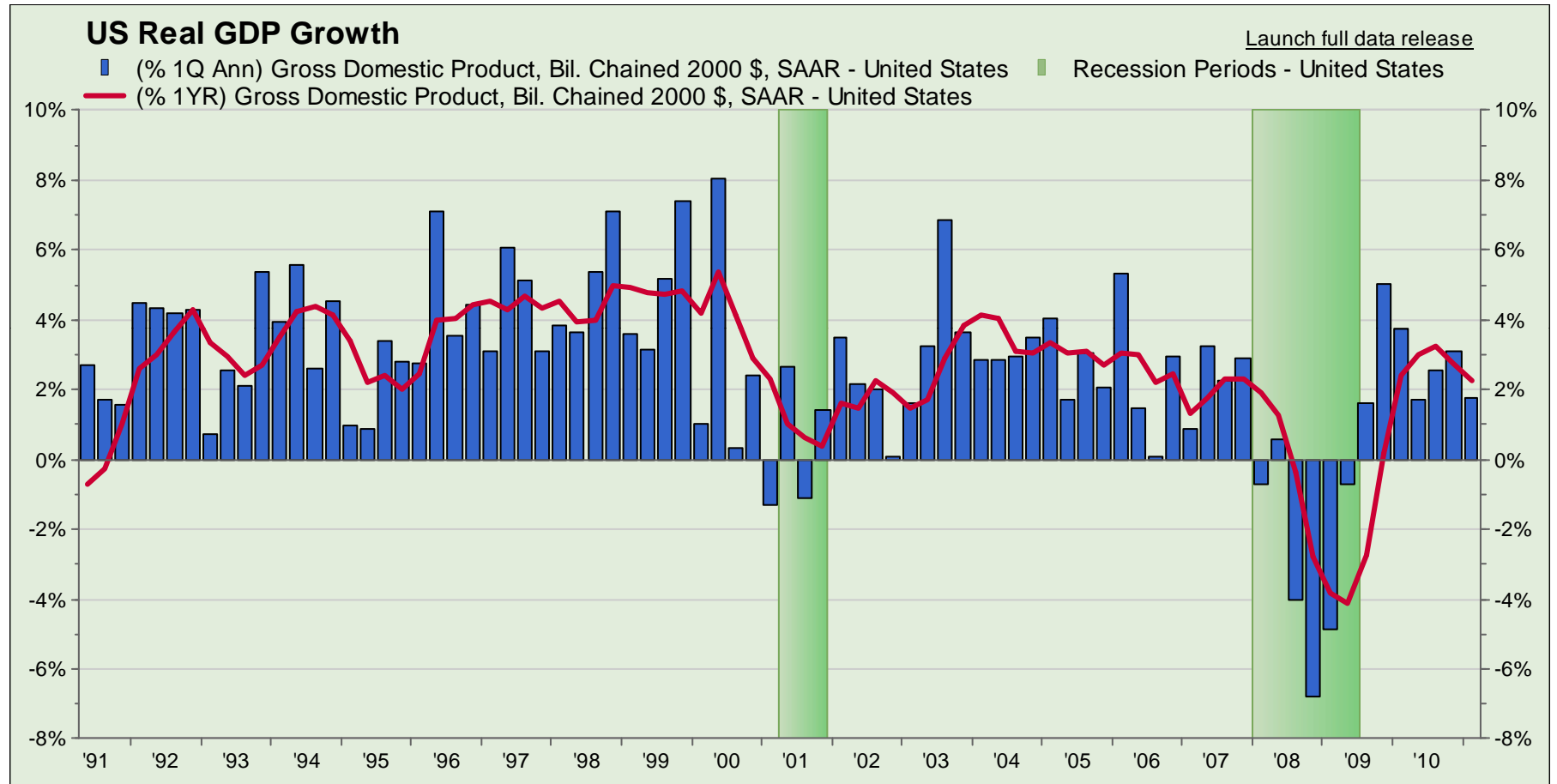
**Holland Capital Management LLC**

# **Economic Uncertainty:**

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*The Challenge of a Secure Retirement*

# Economy Is Growing – But Still Facing Headwinds

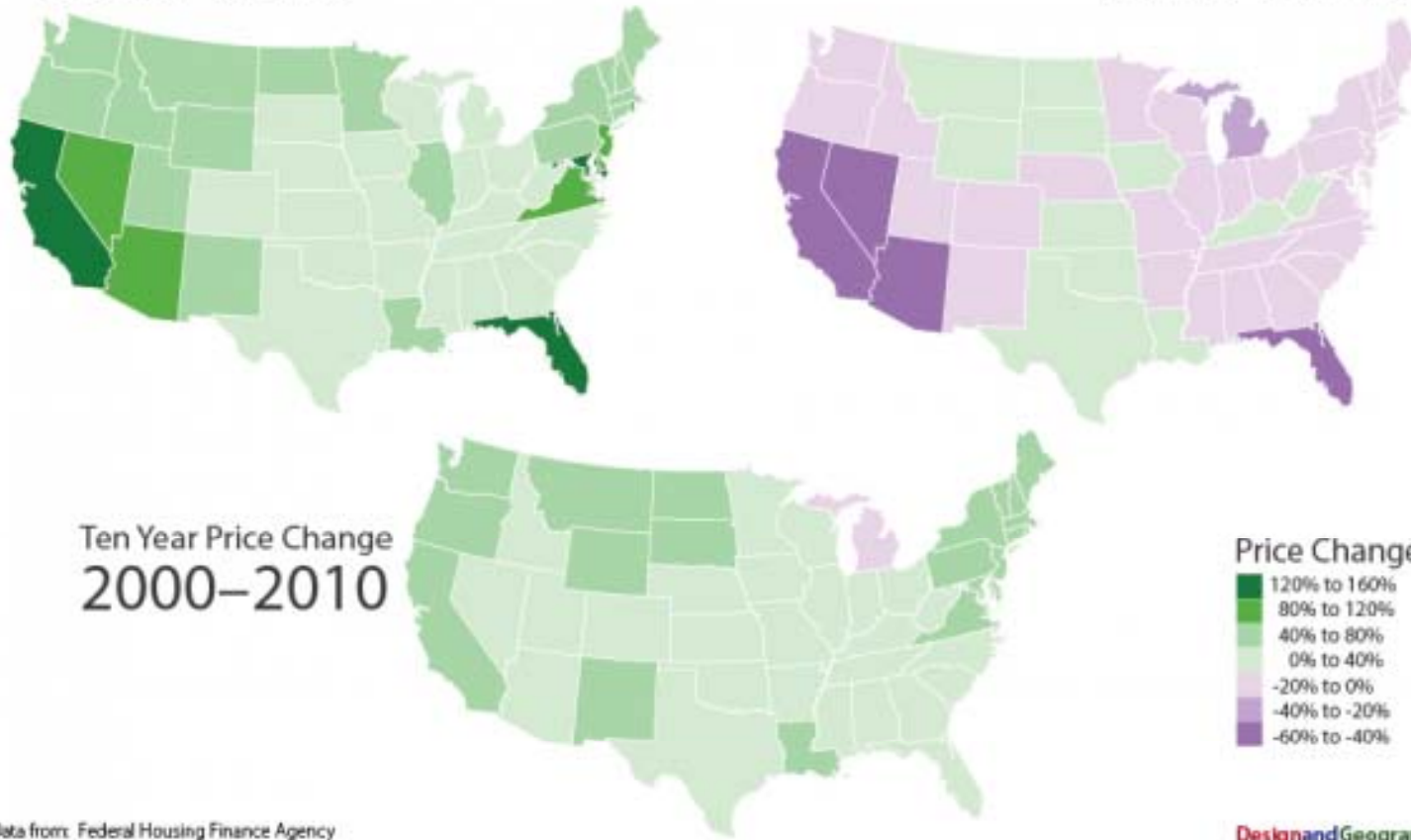


# Change in U.S. Housing Prices: 2000-2010

Purchase only index for lower 48 states estimated using sales price data (not inflation adjusted)

Before the Crash  
2000-2006

After the Crash  
2006-2010

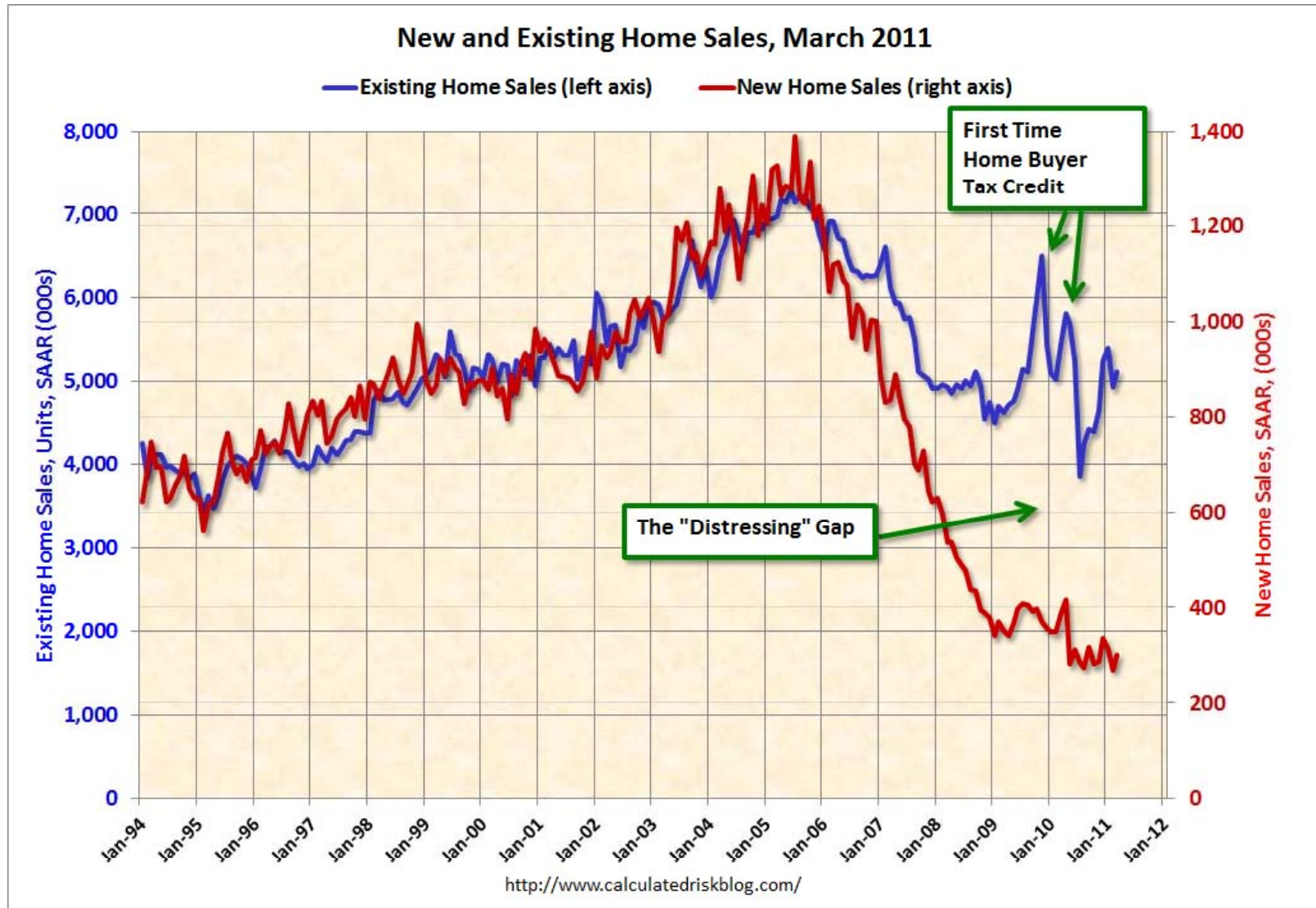


Data from: Federal Housing Finance Agency

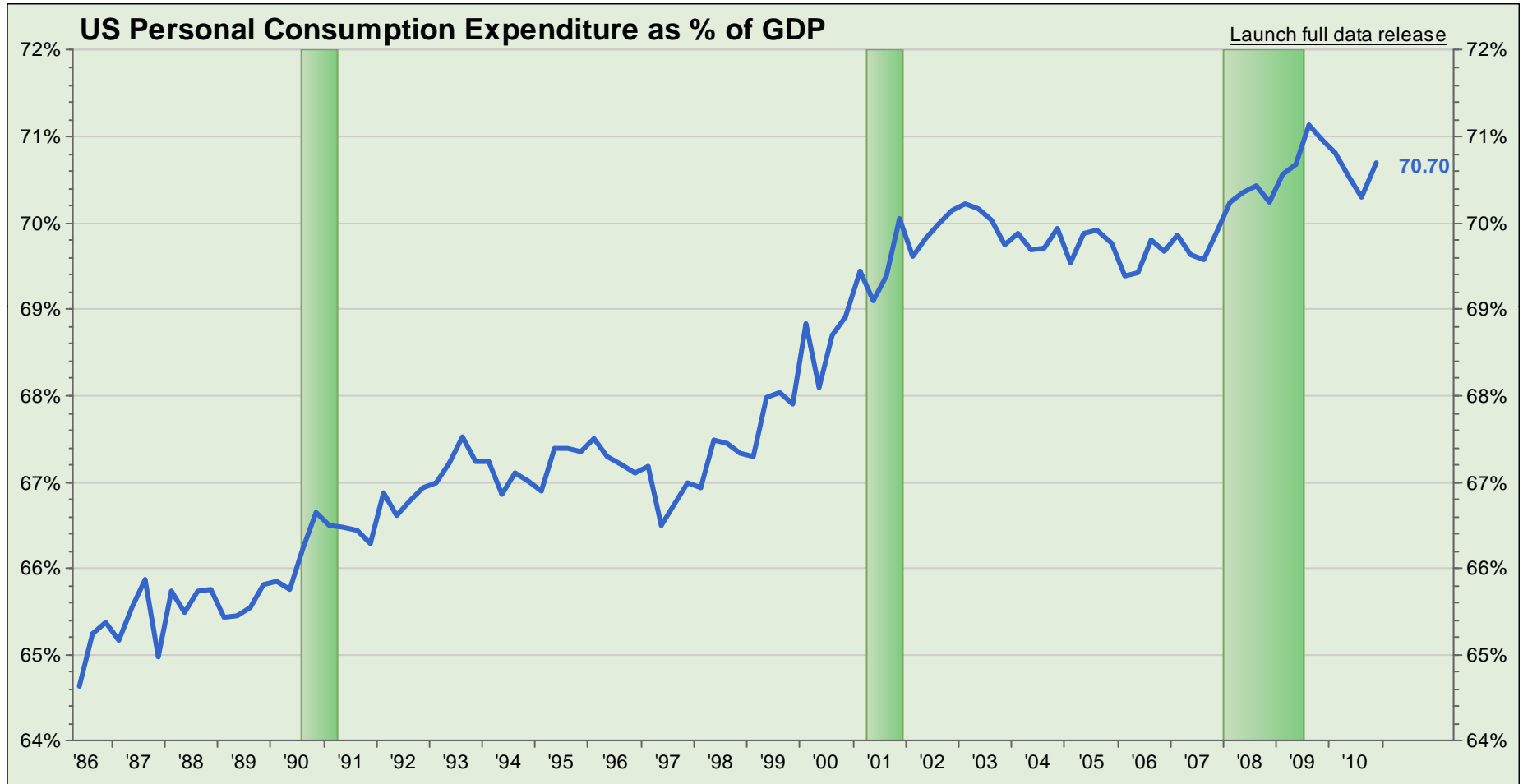
Courtesy of: [www.visualizingeconomics.com](http://www.visualizingeconomics.com)

DesignandGeography.com

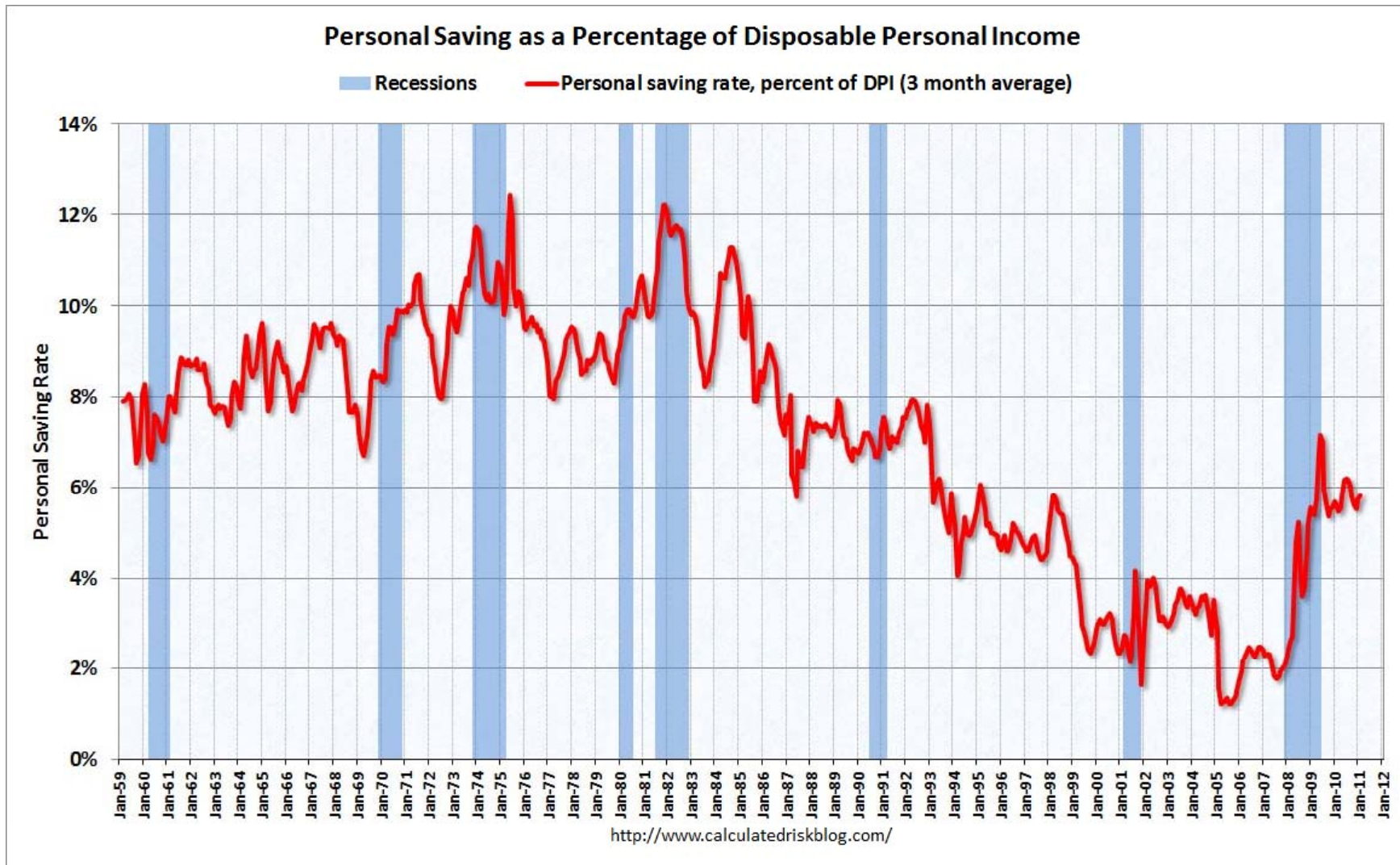
# ...Headwinds



# Consumer Spending 71% of Economic Growth

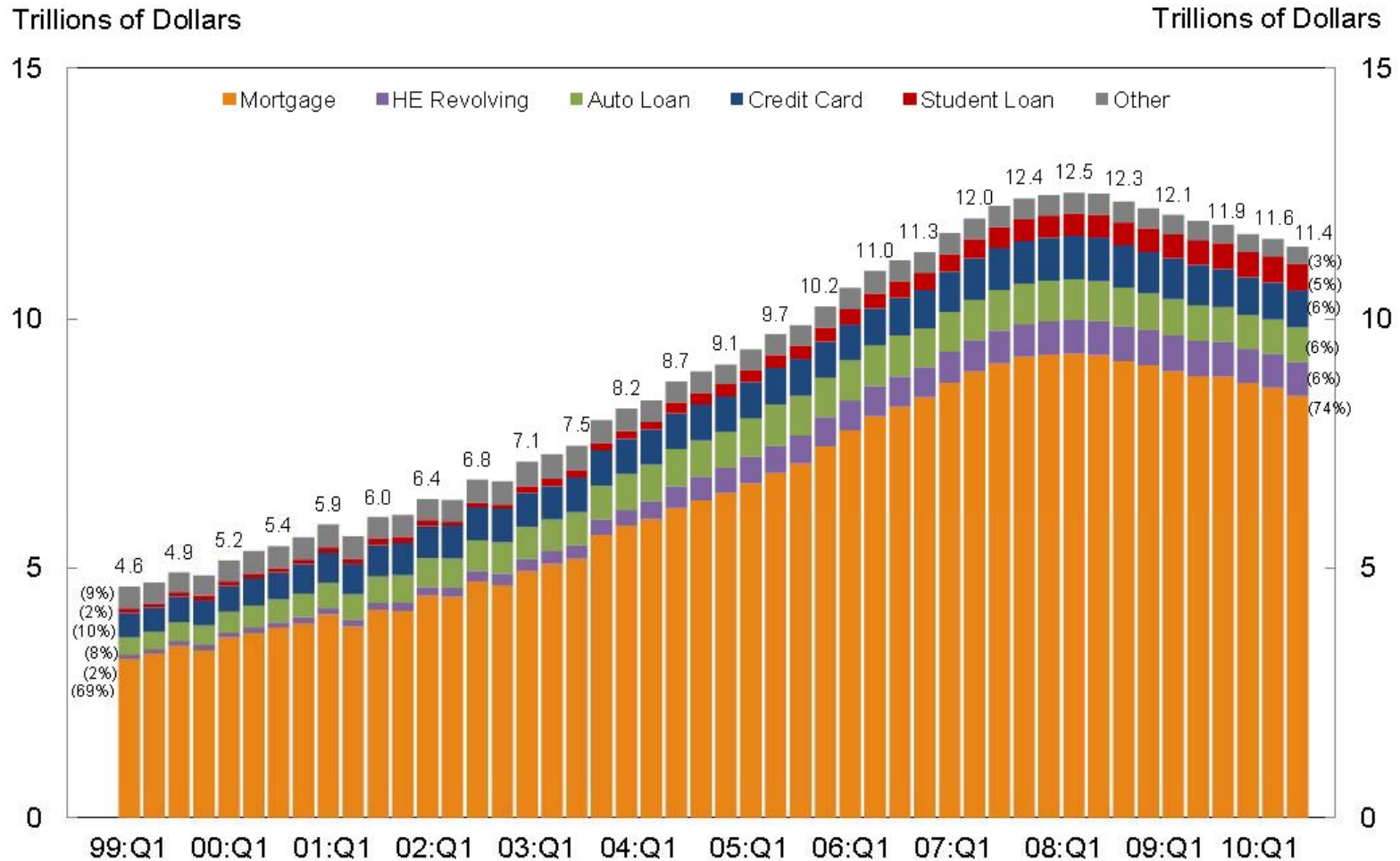


# Personal Savings Has Been Low



# Consumer Debt Balance

## Total Debt Balance and its Composition



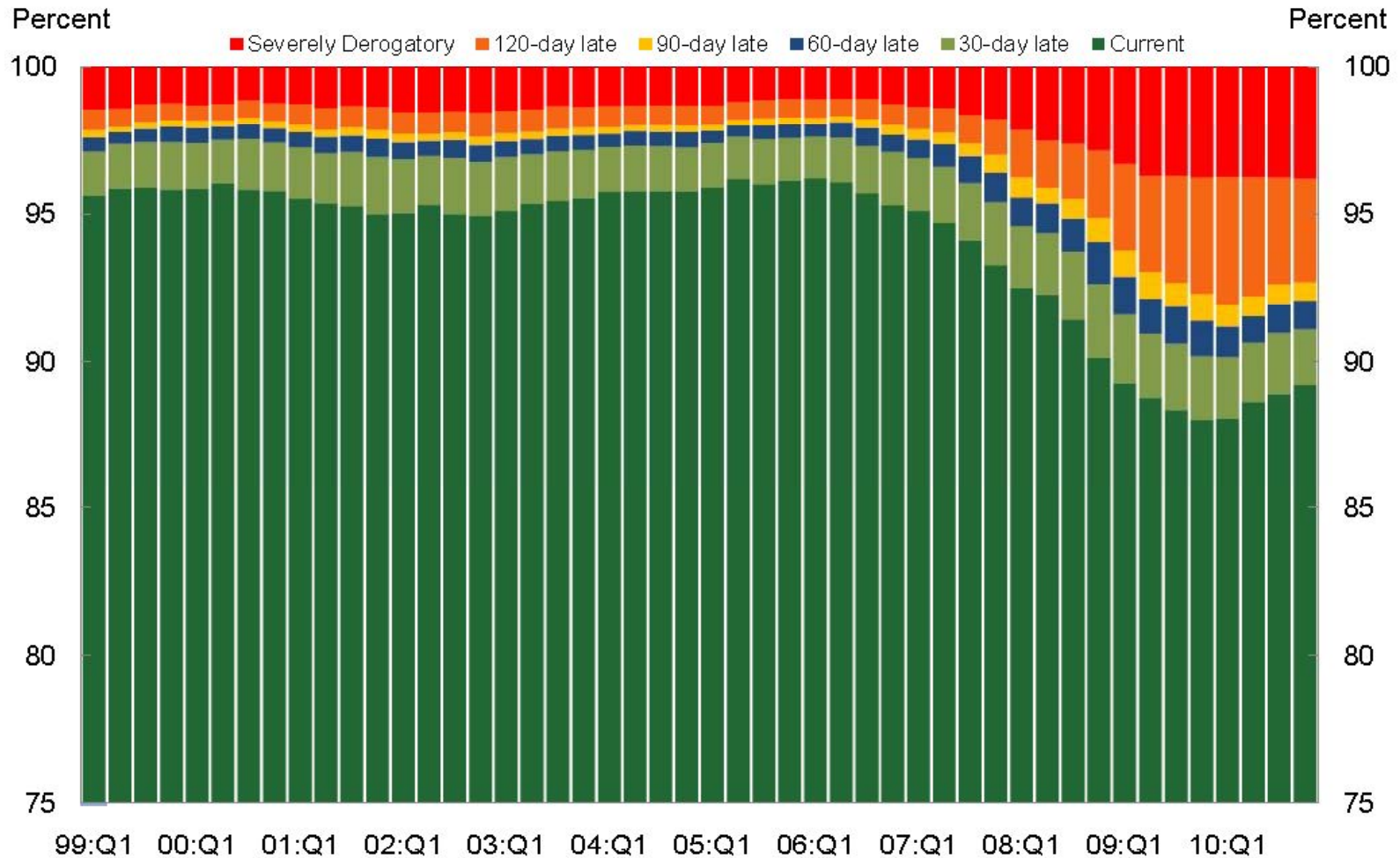
Source: FRBNY Consumer Credit Panel

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Courtesy of [www.calculatedriskblog.com](http://www.calculatedriskblog.com)

# Delinquency Status

## Total Balance by Delinquency Status



Source: FRBNY Consumer Credit Panel

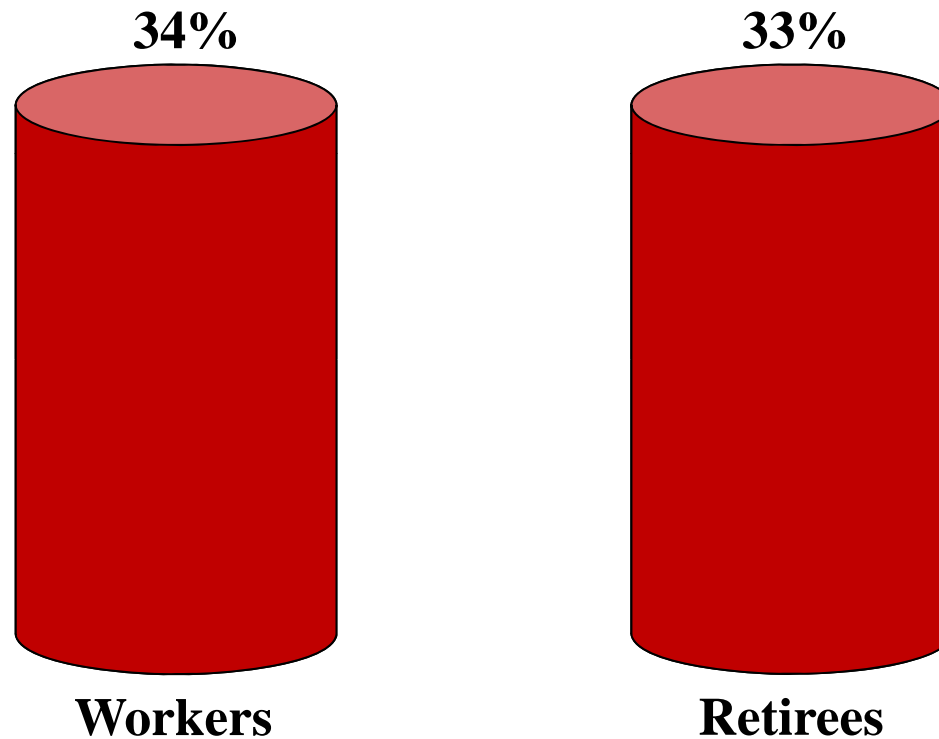
Courtesy of [www.calculatedriskblog.com](http://www.calculatedriskblog.com)

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## *Savings Being Used to Pay For Basic Expenses*

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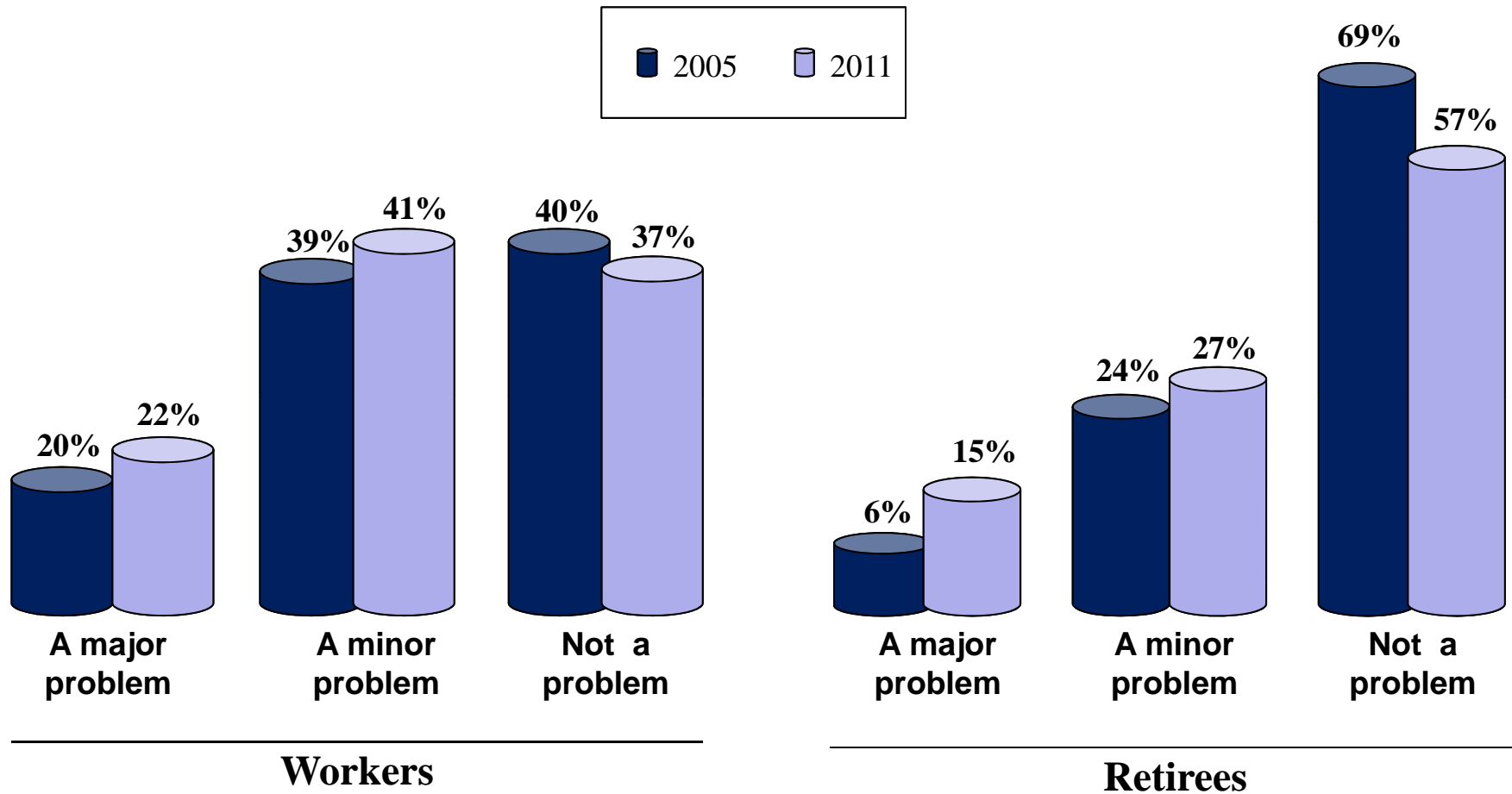
### **Americans Reporting They Dipped into Savings to Pay for Basic Expenses**



Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2011 Retirement Confidence Surveys. Courtesy of ebri.org.

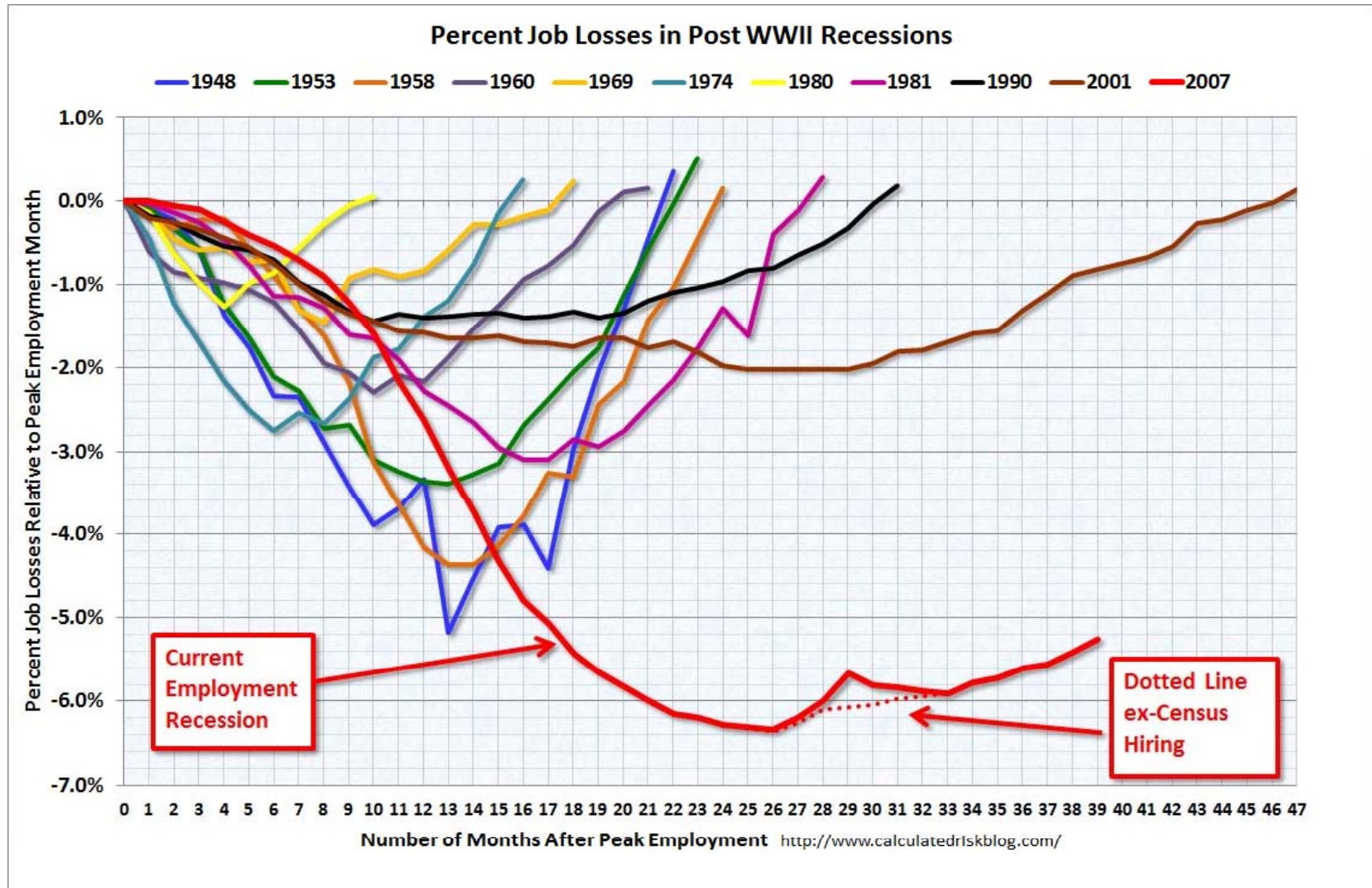
## Debt Is Problematic

### Assessment of Current Level of Debt

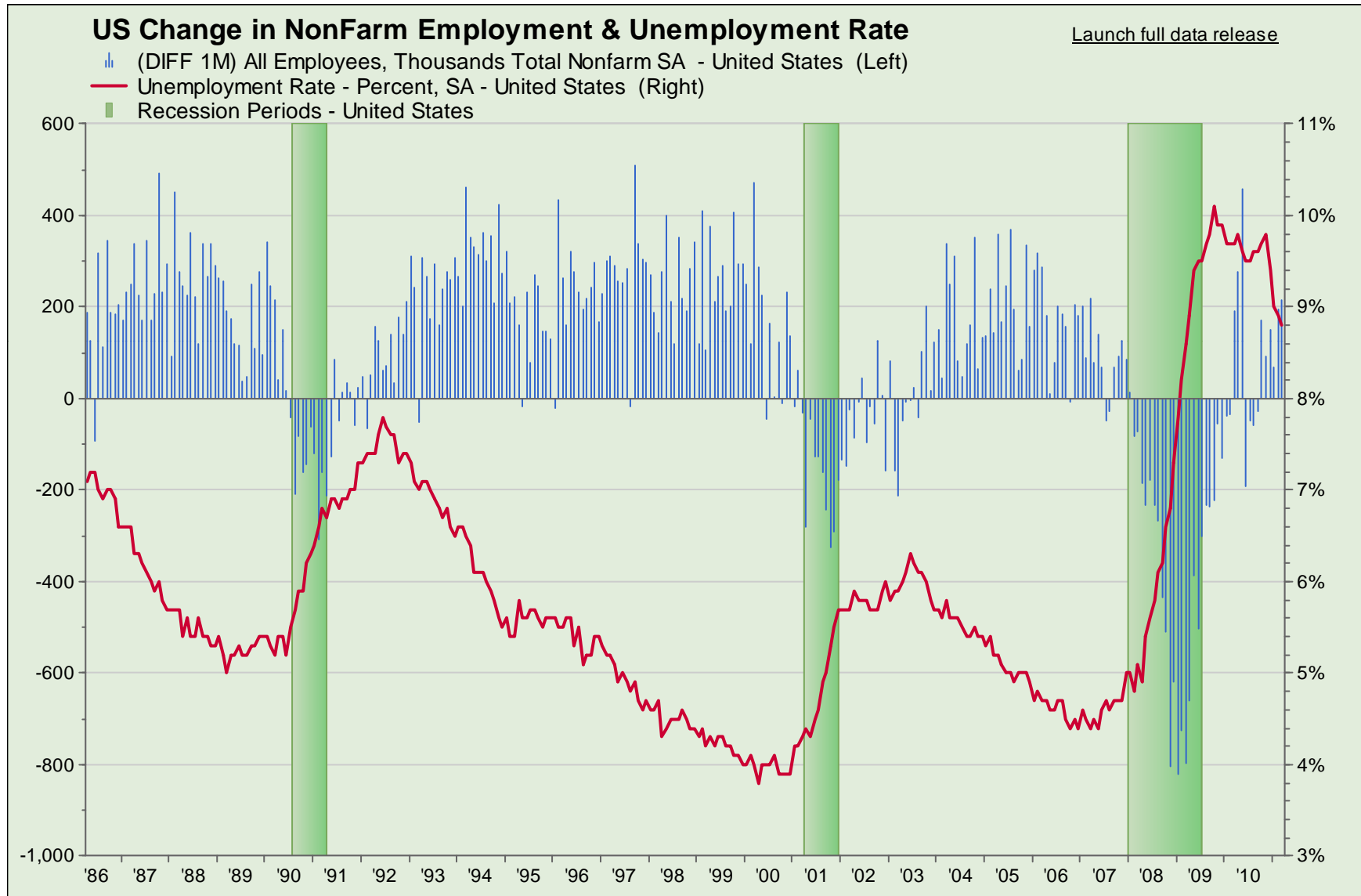


Source: Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., 1993-2011 Retirement Confidence Surveys. Courtesy of eбри.org.

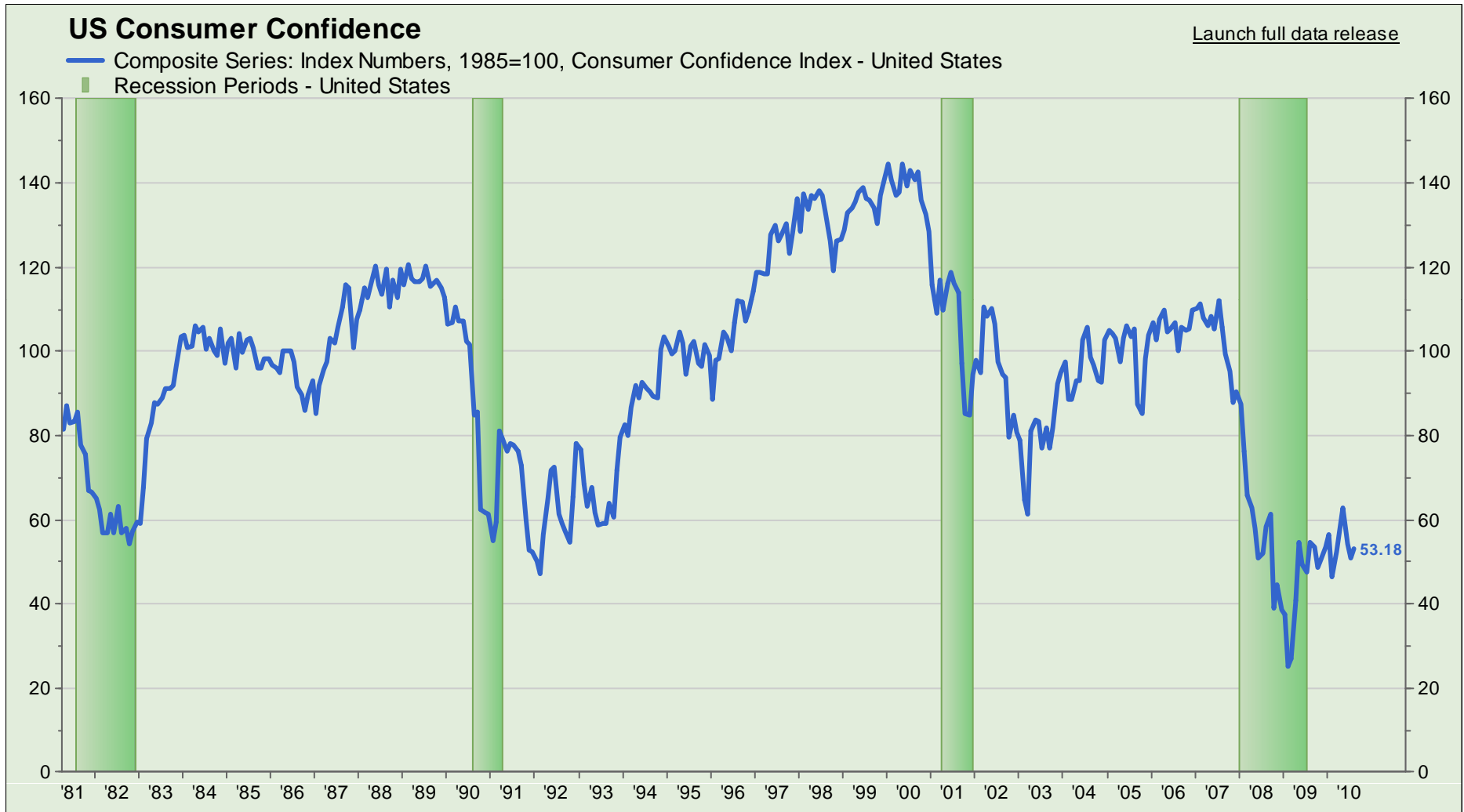
# Job Loss Is High



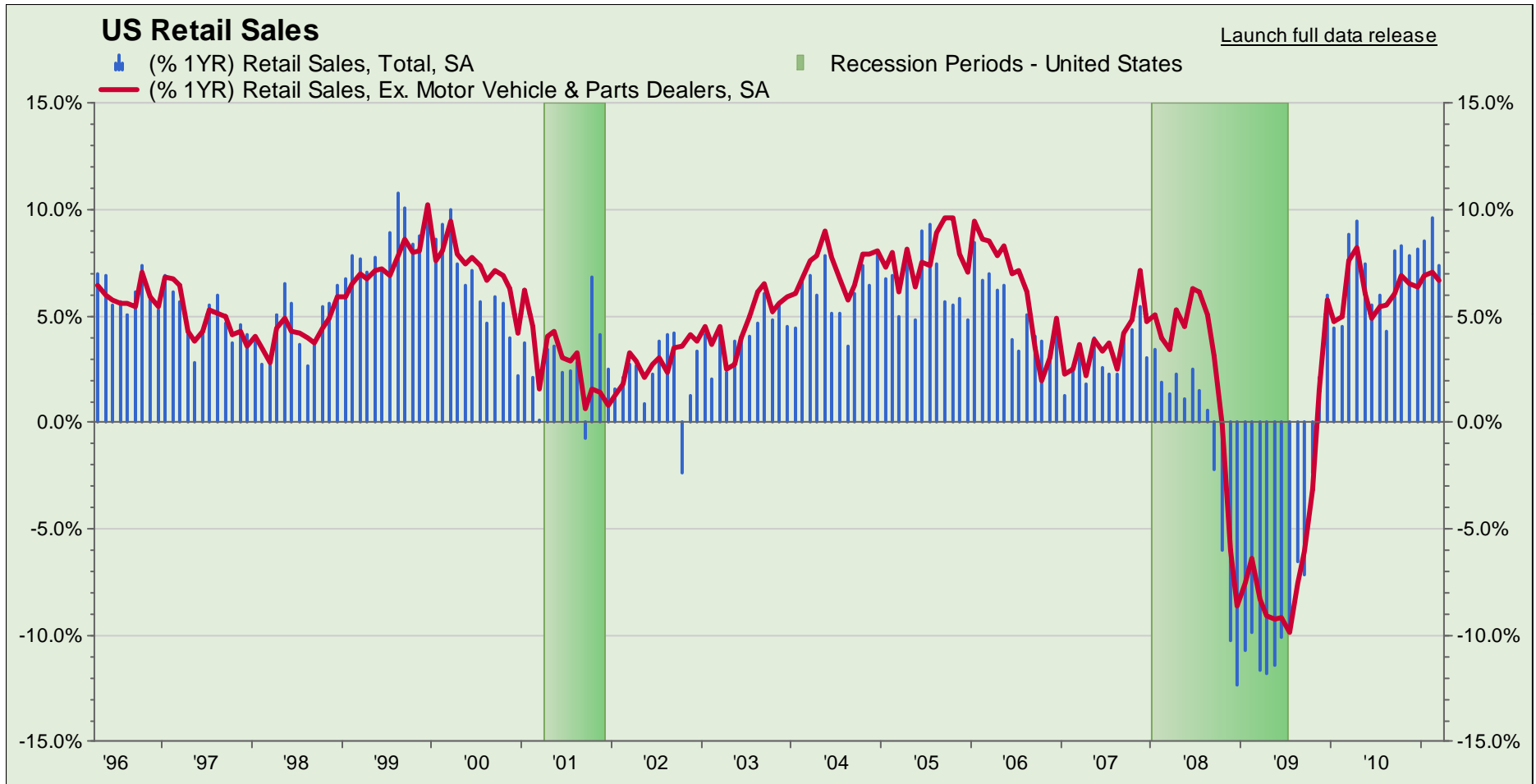
# Job Creation Is Slow And Unemployment Is High



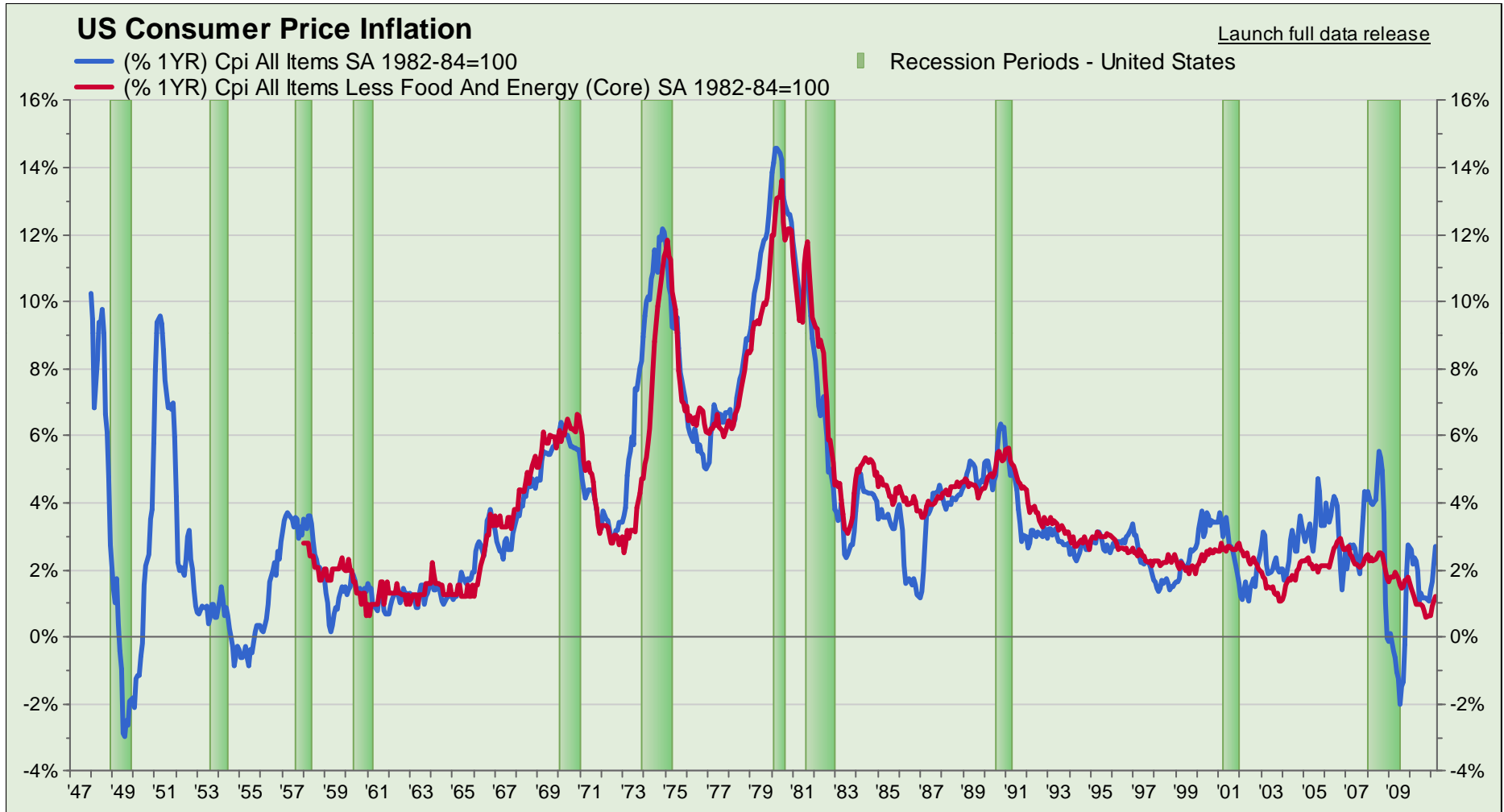
# Consumer Confidence Is Low



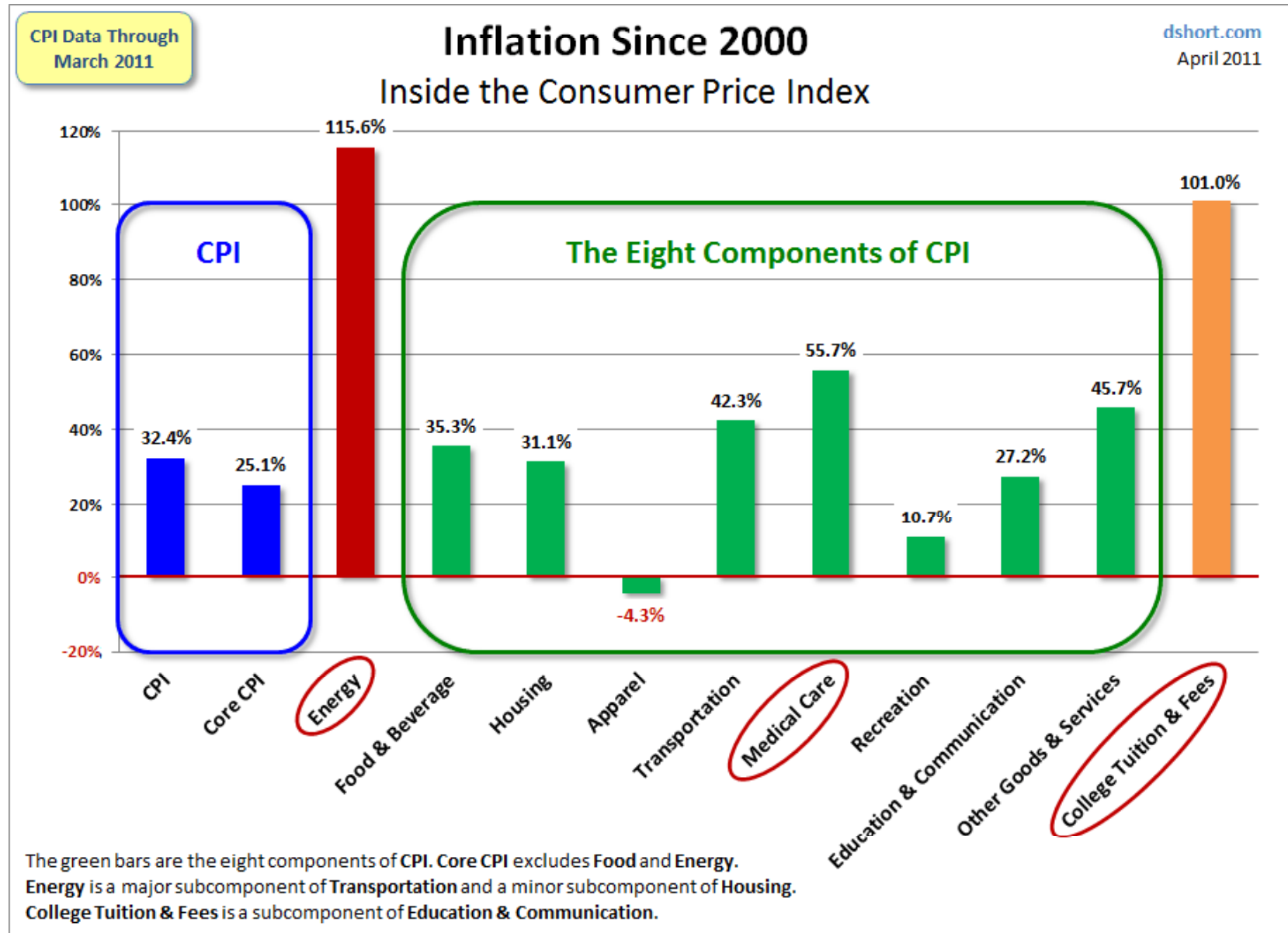
# Retail Sales Fell Off A Cliff



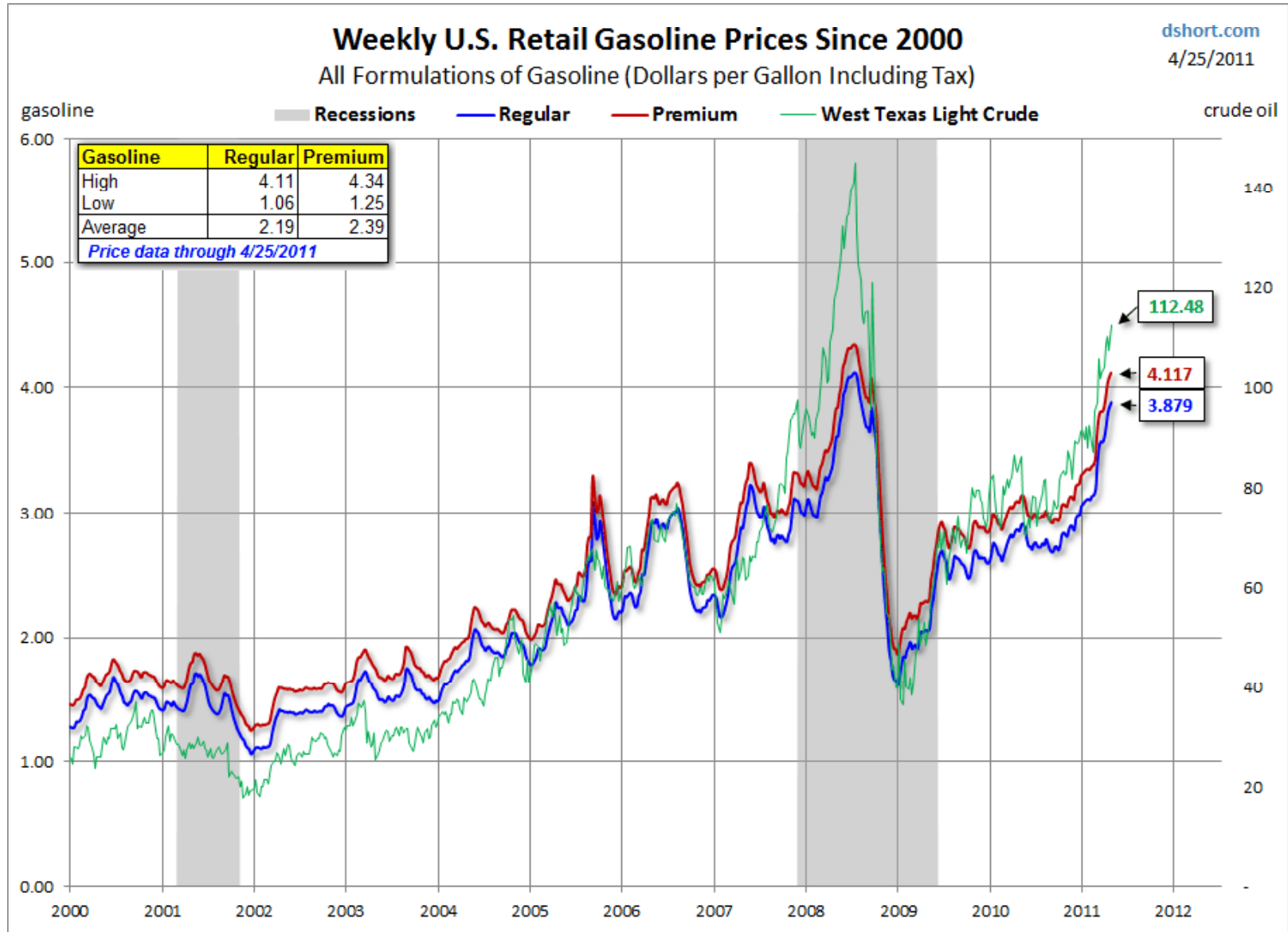
# Low Inflation Supports Growth – Is Inflation Rising?



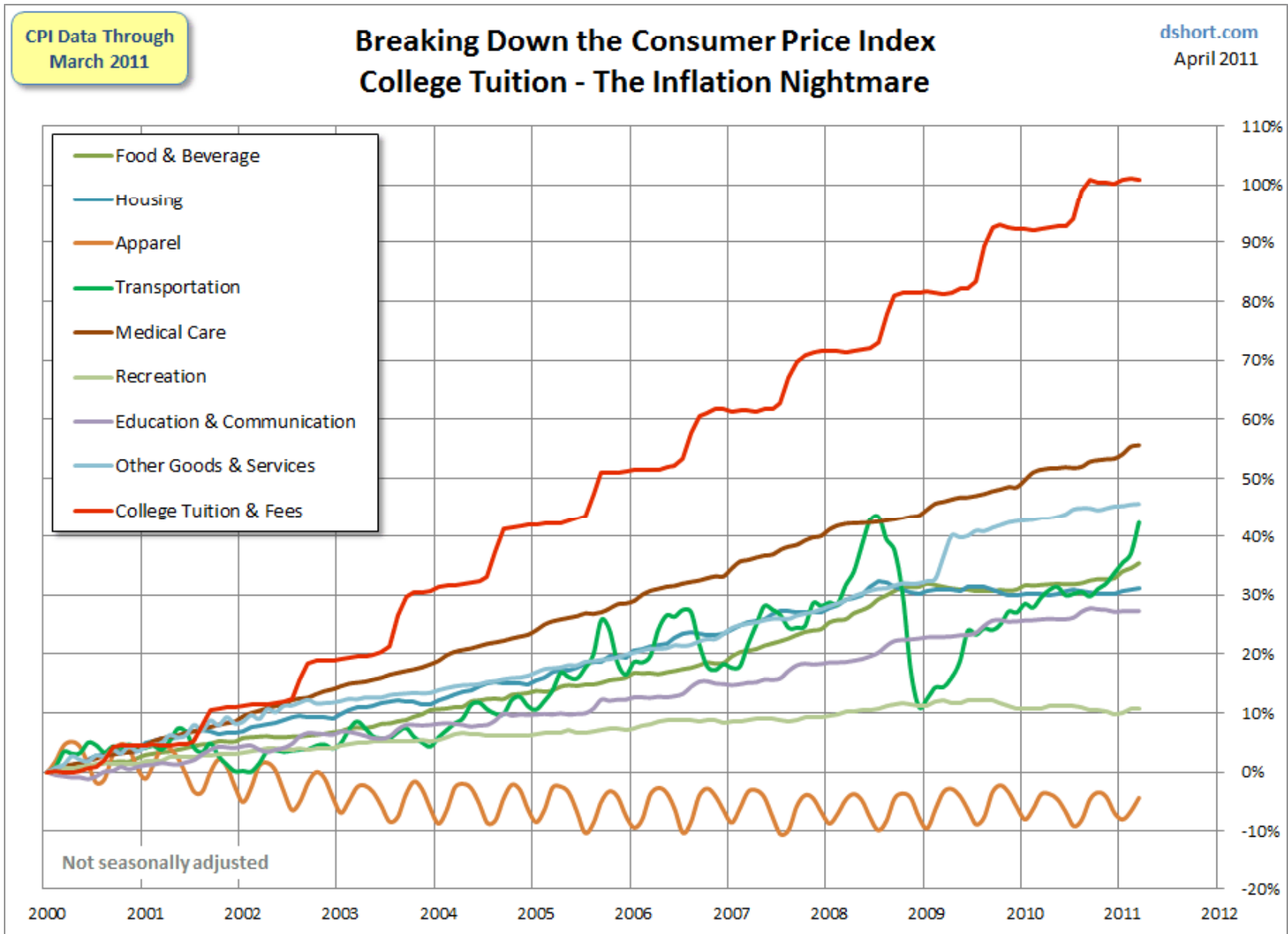
# Inflation Components



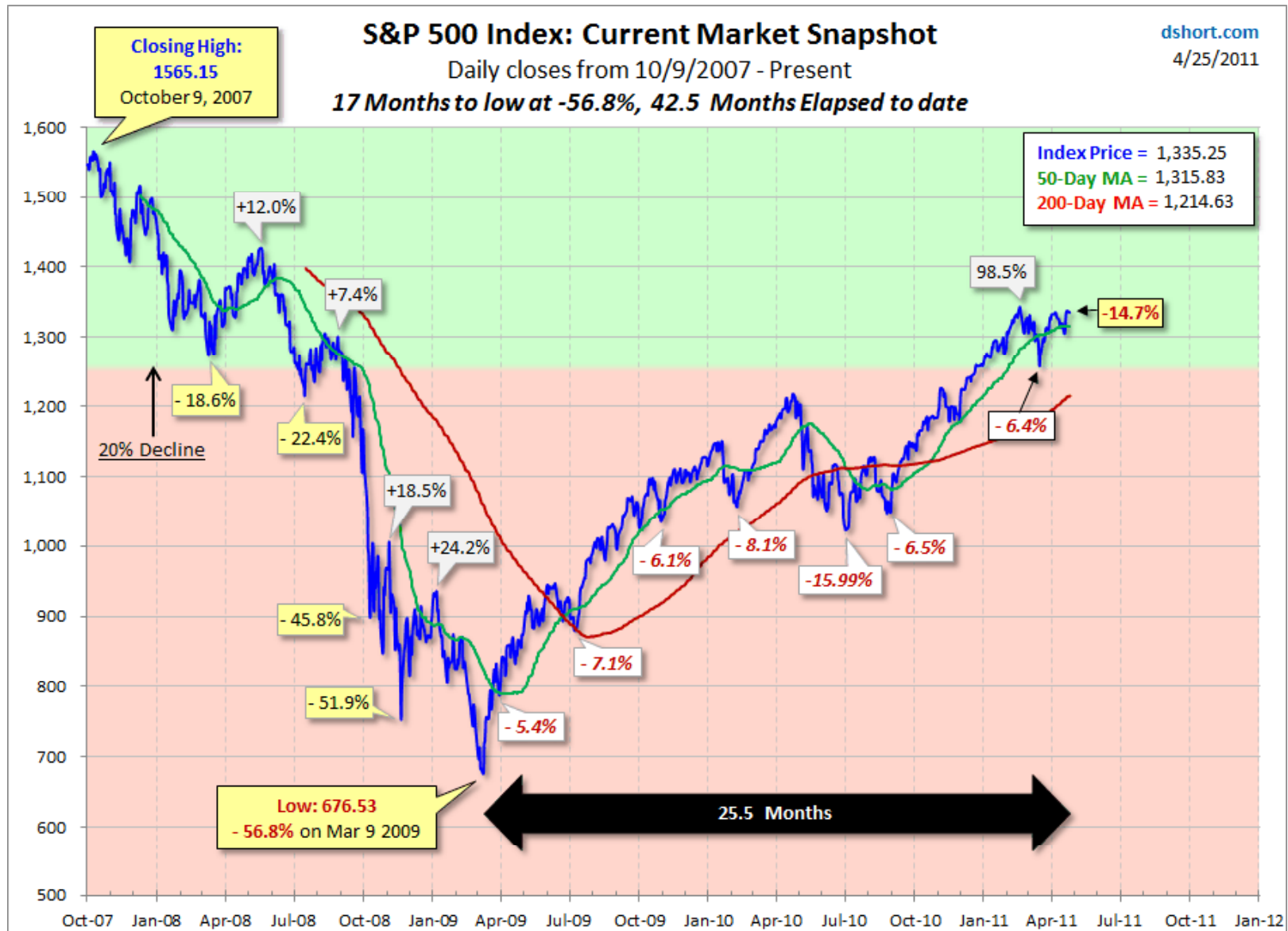
# Gas Prices On The Rise



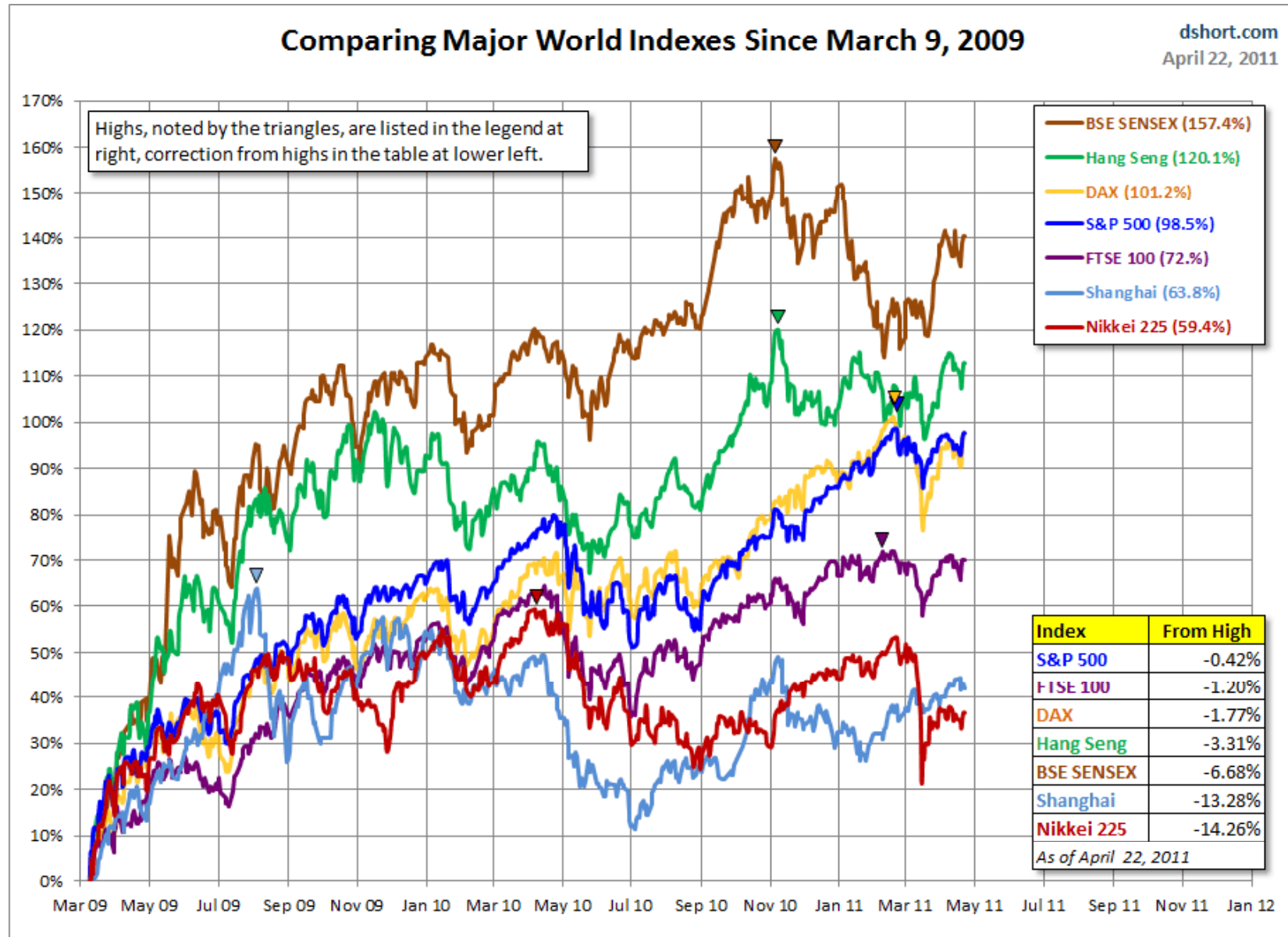
# College Tuition Through The Roof



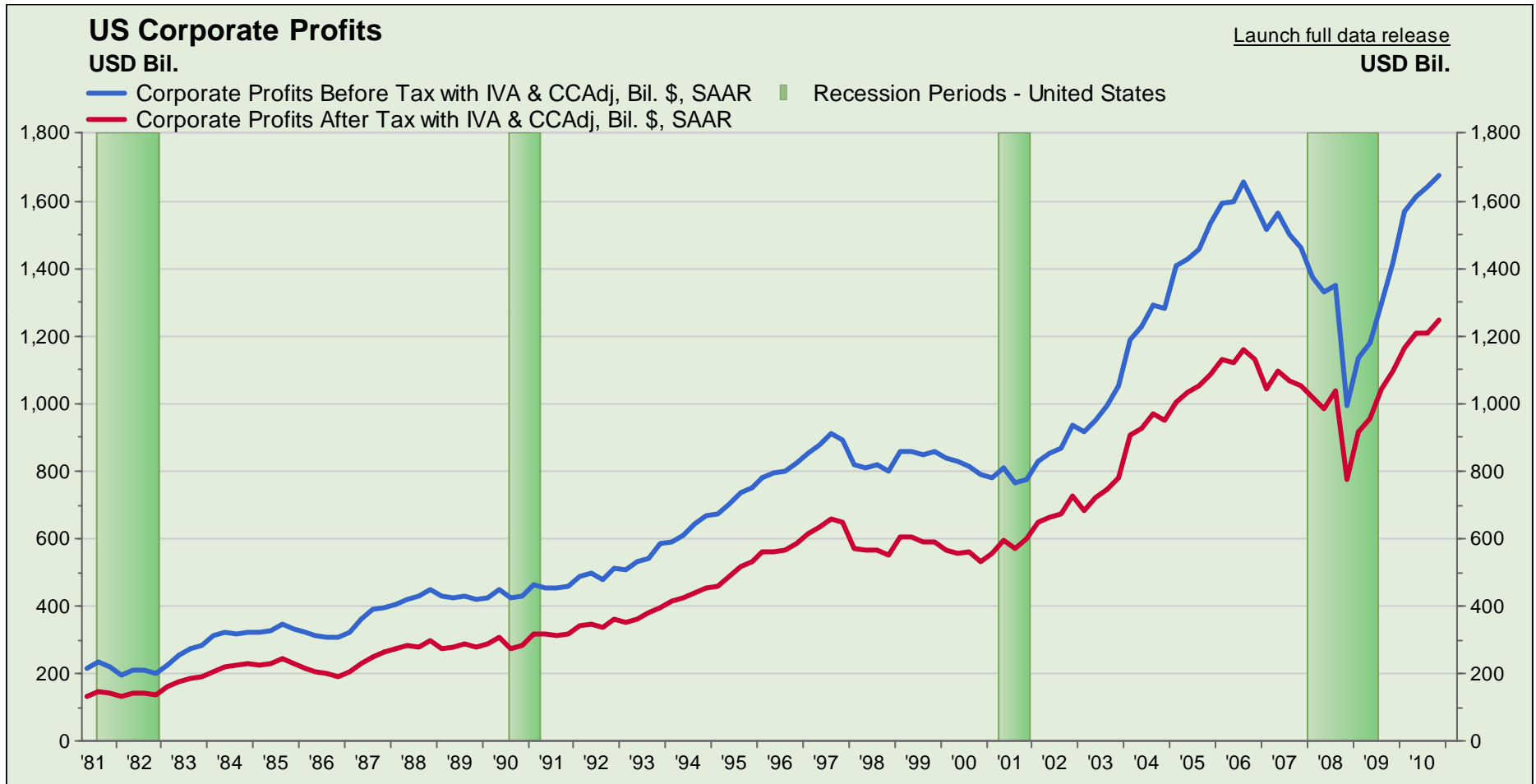
# Domestic Stock Market Snapshot



# Major World Indexes



# Corporate Profits Have Improved...But How?



## Manufacturing Sector Improving

- Fueled by spending on computers, machinery and other equipment as companies are flush with cash
- Strong sales of cars and heavy-duty trucks
- Infrastructure projects in China, Latin America, India and Africa are ratcheting up demand for construction equipment
- After jobs shrunk by about 1/3 of total, manufacturing employment edged up 1% last year and is growing

Source: Wall Street Journal

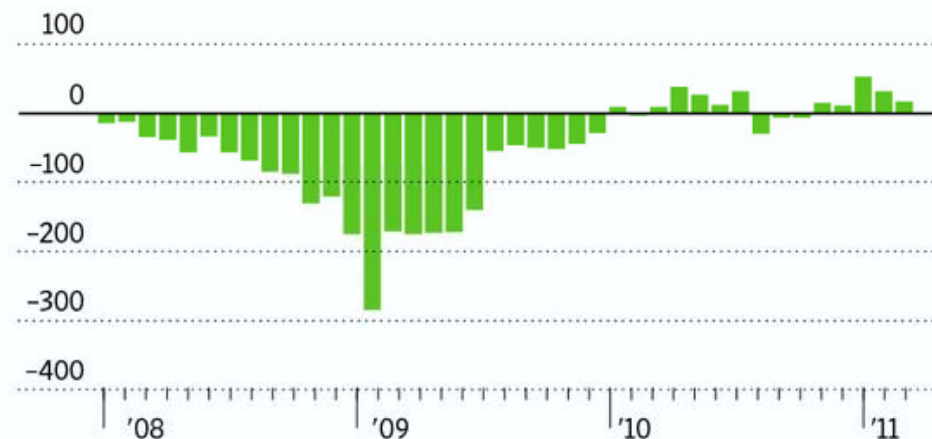
### Making an Impact

Growth in manufacturing output is outpacing the rest of the economy.

#### Index of manufacturing production



#### Monthly change in manufacturing jobs, in thousands



Sources: Federal Reserve Board and Labor Dept. via Moody's Analytics

## *African Americans Curtailing Savings And Investing*

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### **African Americans have curtailed their saving and investing in last two years to make it through the recession**

- Nearly half dipped into savings to make ends meet
- First time in a decade that African American households have reported saving less than \$200 per month
- 60% were asked for financial help by friends or family
- 21% increased their credit card debt
- 15% asked friends or family for financial help
- 43% made “significant” changes to their lifestyle

Source: Argosy Research – The Ariel Investments 2010 Black Investor Survey

## *Attitudes About Retirement Future*

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### **40% of Working Americans Say They'll Never Afford Retirement**

- 55% say they don't know how much they need to save to retire
- 60% have changed their behavior to offset rising gas prices
- 48% have made adjustments to deal with higher food prices
- 56% say they cannot save
- Only 16% say they are better off now versus 1 year ago

Source: American Institute of Certified Public Accountants by Harris Interactive

## *African Americans Face Barriers To Realizing Financial Goals*

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### **African Americans:**

- Tend to hold fewer financial products
- Tend to invest more conservatively
- Lack relationships with financial professionals
- Are slightly less likely to put money into employer retirement plans
- More likely to borrow from employer retirement plans

Source: The African American Financial Experience, a study by Prudential Financial, Inc.

## SECURE YOUR RETIREMENT

- ∞ *Understand Your Options*
- ∞ *Your Future Is Now – Save, Save, Save*

## *Defined Benefit & Defined Contribution Plans Explained*

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### **Defined Benefit Plans**

A pension plan under which an employee receives a set monthly amount (a *defined benefit*) upon retirement for life. Participation in these plans is usually automatic.

### **Defined Contribution Plan**

A retirement program, such as a 401(k), under which certain contributions (*defined contributions*) are made to a participant's account during employment, but with no guaranteed retirement benefit. Participation in these plans is often voluntary.

## *Traditional Plans Are Not Enough*

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### **Spend Less Than You Earn, Save for Your Future, Repeat the Process**

- ✓ Pay yourself first
- ✓ Track your expenses
- ✓ Set up an investment or saving plan
- ✓ Leverage the investment tools available to you
- ✓ Invest outside of retirement accounts
- ✓ Live within your means
- ✓ Control debt

## *Despite the Statistics, Hope Remains*

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### **Despite being hurt by recession, African Americans are considerably more optimistic**

- Three-quarters describe themselves as “hopeful” about current U.S. economy
- 68% feel their personal financial situation will improve over the next year
- Nearly two-thirds believe the economy will turn around within the next two years
- African Americans who are optimistic about the economy are twice as likely to already be investors than those who are not

Source: Argosy Research – The Ariel Investments 2010 Black Investor Survey

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# *Questions?*

**For more information visit our website [www.hollandcap.com](http://www.hollandcap.com) or contact us as follows:**

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