

# An Economic Outlook for the New Millennium

William Tully

What do you think the future holds for the upcoming year and beyond? This is a question I have been asked dozens of times over the last several weeks. After giving it considerable time and thought, I have come up with the following beliefs. These are along the same lines of thought of almost everyone I have talked to, including a number of heavyweights within the financial world.

My beliefs are as follows:

1. There has never been another period of time like that which exists today. Don't wait: just do it.
2. There has never been a better time to plan for your future.
3. Everyone's future should include the following:

A. A small, cash-ready account equal to at least one month's income in case of emergencies. Three month's worth of funds is recommended.

B. The purchase of a home. If not presently owned, you should plan for one. Long before you retire, you and your family should have at least one home to live in at the time of retirement, and it must be homesteaded. California law provides up to approximately \$100,000 of "untouchable" equity from creditors at present. This amount automatically goes up from time to time.

C. A formal investment portfolio, which is diversified to include common growth stocks, mutual funds and tax-free bonds. Of these, companies related to plastics, pharmaceuticals, research, housing, the Internet, communications and services should be on everyone's list. It is also possible to select your own mix of investments and thus create your own mutual fund portfolio.

D. A valid living trust is an absolute necessity. A valid will is also needed to round out one's estate.

There are well-qualified financial planners who specialize in the above mentioned areas. I suggest you consult with your local bank or credit union and ask which financial planners they would recommend. These institutions often have one or more persons employed within their facilities just for this purpose. In this way, the financial institution has already pre-screened the planner's validity and can recommend them.

FEBRUARY 2000