



Dillard *Financial Solutions, Inc.*

Safe Retirement Planning

4th Quarter 2009

The holiday season is fast approaching. It is our favorite time of the year. It is a time when we can gather with family and friends, a time to look back and a time to reflect on those things around us.

It is a wonderful blessing for us to share with our clients as they reflect over the past year, giving them the gift of security—knowing their financial portfolios are safe. To know that Dillard Financial Solutions, Inc. has been a part of helping our clients secure their portfolios and keeping their peace of mind as they know that their family's financial future remains secure.



Steve & Teresa Dillard



We would like to wish all of our clients, family and friends a wonderful holiday season. Be thankful for what the Lord has given you and always remember who is really in charge...

God Bless You,

Steve and Teresa Dillard

MILITARY TEAM OF THE QUARTER

Airman Leadership School staff



L to R - Shane Harvey, Scott Frazier, Oshar Reid, April Howard

Professional Military Education is designed to help airmen acquire the management and leadership skills they will need to be successful at each step of their careers. Airmen are required to complete Airman Leadership School in order to advance to Staff Sergeant. The staff teaches thousands of students a year.

Clients of the Quarter

Every quarter we choose a very special Client of the Month. It's our way of acknowledging good friends and saying "thanks" to those who support us and our business with referrals, word of mouth and repeat business.

This quarter we want to recognize two very special people, Jerry and Vicki Smith. This very handsome couple will celebrate 42 years of marriage in December and have been blessed with two sons, their wives and three beautiful grandchildren. As a new 2009 retiree, Jerry and Vicki celebrated with a vacation cruise.

Though Vicki has been retired from the SC Employment Security Commission for nearly 9 years, she welcomes the days she can now share with her adoring husband. Vicki said, "We have a list of projects that will keep us busy." Jerry has already started his winter garden and they are looking forward to fresh broccoli and cauliflower soon. Since retiring from DuPont, Jerry is looking forward to enjoying some good golfing and quality fishing.

When asked if they feel a sense of security with

their retirement dollars, Jerry didn't hesitate to comment. "Annuities have given me a monthly income I can't outgrow; it helps supplement our retirement dollars. It is an additional lifetime income for us." But more importantly, Jerry confides, "I especially like being able to use an annuity as an investment tool to leave behind for my children."



Gerald & Vickie Smith



Why choose a National Ethics Bureau licensed agent?



The National Ethics Bureau™ (NEB) is a membership organization of financial professionals who have successfully passed a comprehensive series of background checks and have agreed to maintain NEB membership standards. All members are admitted into NEB's online national registry, where consumers can view a member's approval status and professional profile. NEB is not a financial designation, nor does it sell or endorse any financial products.

All NEB members have successfully passed our annual seven-year background checks for criminal, civil and business violations. The background check includes:

Criminal Background Check
Professional License Check
Accredited Designation Check
Civil Background Check

In Today's Financial World...TRUST IS A MUST.

Now, more than ever, there is an increased need to know who you can trust in the financial services industry. By choosing an approved member of the National Ethics Bureau™, you will gain the added assurance of knowing that you are working with an advisor who has successfully passed our Ethics Check System™ and has agreed to maintain our membership standards.



Brent Dillard was honored during a recent City of Sumter, SC Council Meeting for outstanding performance in Power Boat Racing. Joseph T. McElveen, Jr., Mayor of the City of Sumter, proclaimed August 18, 2009 as "Brent Dillard Day" in the City of Sumter.



Teresa Dillard receives a plaque from Col. Robert Hopkins in honor of her support to the men and women of the United States Air Force. Teresa is the Honorary Commander for the 20th Aircraft Maintenance squadron of Shaw AFB.



Steve and Teresa Dillard fellowship with clients Carol and Dennis Baker at the Rusty Anchor Restaurant at The Lighthouse Marina.

I will instruct you and teach you in the way you should go; I will counsel you and watch over you. Psalm 32:8

Happy Holidays Word Search



V A R D G N D P I Y L I M A F
C W D J U Y Q X X C Y F Q X V
P R D E C E M B E R D L C U L
Y E H P H V Y H S E A S O N Y
E B U T O K Z B P M X I F G W
K M U M L N C A J P X Q X N V
R E U E I W V P R E S E N T S
U V J O D Z L G I V I N G Q G
T O J I A I N F W I N T E R J
X N X K Y K P H Z I P Z M D Z
W O N S C G G I D H K K P V R
G N I V I G S K N A H T B L R
F X A F C E X X M G X V D F F
H H T H V L S A M T S I R H C
C S O Z S H A R I N G M N W I

CHRISTMAS
DECEMBER
FAMILY
GIFTS
GIVING
HOLIDAY
NOVEMBER
PRESENTS
SEASON
SHARING
SNOW
THANKSGIVING
TURKEY
WINTER

Sudoku

5	2				4			7
	3	9		8				
4	8	7	6					
7			2		6		4	1
9		1				3		2
8	4		3		1			
					2	7	1	8
				1		4	9	
6			9				3	5

Fill the grid with numbers 1 to 9 so that every row, every column and every 3x3 box contains the digits 1-9, without repeating any numbers. Solution on page 6.



Why do Annuities Have Surrender Charges?

Understanding the workings of the Indexed Annuity by Karlan Tucker, Tucker Financial Group

I believe the Indexed Annuity is one of the most effective investment tools ever created. No, it's not perfect, but it works within financial constraints as well as any idea ever conceived for the purpose of growing and preserving your dollars.

First, let me describe some of the powerful features of this amazing financial tool.

- Principal is absolutely protected from market risk.
- You never lose time making up for a loss.
- Gains are captured annually and automatically.
- No emotion or market timing is involved in the decision.
- Capturing gains does not trigger a taxable event.
- Capturing a gain does not require you to sell the very vehicle responsible for earning the gain.
- Earning a gain is not dependent upon a money manager making the right decision about what part of the market you should be in and when is right to sell.
- If the stock index you are linked to goes up, you win; if it goes down, you don't lose; if it stays down, you can change to a bond index.
- Earnings grow tax free until you withdraw them.
- Generate an income you cannot outlive.
- Earn a minimum of 5% or 8% guaranteed or the greater of the index strategy.
- Earn a 10% bonus just for opening the account.

- You receive only one statement per year, and there is no need to watch the market in between statements.
- Not being dependent on a volatile market allows you to enjoy the important things in life like spending time with family, traveling, staying healthy, etc.

Now, let's list some of the perceived negatives:

- Surrender charges.
- You don't get all the up of the market.
- Surrender charges.
- And finally, surrender charges.

Why are there surrender charges?

The insurance company is attempting to solve the most significant problem that is inherent in investing with opportunity: Risk. But how do you do this and keep opportunity intact - not to mention liquidity? I have clients tell me frequently they don't like annuities because your money is tied up, and to get out early, you have a surrender charge. I quickly point out several facts. The average person who had \$100,000 in the market in January 2000 had just \$50,000 of it left at the bottom of 2002. By early 2008, most still haven't recovered all their losses. That feels like 8 years of illiquidity to me, which

is the very thing people tell me they don't like.

Warren Buffet said, "If you can't own a stock for ten years, you shouldn't own it for ten minutes." Why did he say that? He said it because he knows it can take ten years just to break even. So I ask again, "How can we participate in a volatile market, and not lose our principal or give up our liquidity for 8-10 years or longer?"

What is it we look for in considering where to put our hard earned dollars? We want safety, opportunity, liquidity and tax control. To achieve safety, the inventors of the Indexed Annuity determined that we could be absolutely safe from market risk only if we didn't put our money there. So they put your principal in safe and conservative longer-term bond portfolios positioned outside the volatile market. Step one is accomplished, we're safe.

Now we need growth. So we use the yield from the safe pot of money to link us to the market using indexes. No, we don't get all the up, but that's okay because almost everybody has a diversified portfolio, which means they're not getting all the up either. Even Warren Buffet said, "Diversification reduces your returns." Problem two is solved.

Next we need liquidity. The designers of Indexed Annuities have worked hard to give us the best of everything, so they made available a 10% bonus on day one. Then we can withdraw 10% per year after the first anniversary. Is this enough? Well, Wall Street tells us that prudent people don't withdraw more than 4-6% annually from their portfolios. That's because 4-6% is all diversified portfolios typically earn. The average number here is 5%. The Indexed Annuity doubles this average by allowing 10% withdrawals. If you actually spent 10% of all your investable assets annually, you will most certainly run out of money before you run out of life. There is no penalty on death, so you don't have to figure out when you will die. Could I ask you a question? Will the market be up or down on the day you die? Your annuity will be up because it has no down. You can also use the company's 10% bonus to offset the surrender charges, allowing you to withdraw up to 50% of your account in one day. Whoever would do that, you say? Nobody, but it sure feels good to know you can, even though you won't.

So why do we need surrender charges? Well, the client gets 10% on day one, the broker gets paid so he can feed his family, the home office people are salaried for managing the whole affair and the company issuing the annuity contract goes in the hole. They even have a name for this hole.

It's called acquisition costs. The company needs a number of years to be able to absorb all the up-front costs of gaining a new customer before it earns any gains. It turns out that they are the most patient of all of us in the whole process. Would we or our clients be okay if it took ten years or longer before we started making any money? Probably not. So to allow for enough time for the very party responsible for putting all this together, to make a gain for themselves, we have decreasing surrender charges long enough to protect the company that paid all those acquisition costs up front to make it all happen.

Do you still want to get rid of the surrender charges? If so, then we need to add back in risk, or remove opportunity.

Mutual Funds have opportunity, but they also have risk in exchange for no surrender charges. Actually, they may have had surrender charges if you had cashed them in over the past seven to eight years before they had time to become whole again. Do you want safety and no surrender charges? Then we need a money market account. Even one year CD's have an early withdrawal penalty.

So it seems in this imperfect world we get to pick:

- Indexed Annuity: Surrender charges, opportunity with a bonus, liquidity, 10% per year, up to 50% in a day and no market risk.
- Mutual Funds and Stocks: Opportunity, less or more liquidity and market risk.
- Bonds: Less opportunity, liquidity and less risk
- CD's: Not much opportunity, no liquidity until maturity, inflation risk and no market risk.
- Your Mattress: No opportunity, highly liquid, no market risk, inflation and burglar risk.

I choose the Indexed Annuity. Most liquidity issues are in our heads anyway. Who ever spends all their life savings in 10-15 years? Nobody, and that's what the Indexed Annuity will let you do. Or, if you're really crazy, you can wipe out half your nest egg in a day. I'm thankful for surrender charges, because they allow me a good measure of opportunity, liquidity and absolute safety all wrapped up in one vehicle.

To not choose surrender charges (which I call liquidity charges because you only pay them to create extra liquidity) means you either choose risking your life savings or you give up opportunity. Of the three: Safety, opportunity or liquidity, which would you limit?

It's an easy choice for me and my clients. I hope it's clearer for you as well.



Happy Birthday from Dillard Financial Solutions!

Oct 1st Joyce Ann Dubose
 Oct 3rd Rosetta Mayo
 Oct 3rd Sandra Foran
 Oct 4th John Foran
 Oct 6th Brent Dillard
 Oct 14th Tony Lybrand
 Oct 17th Jeff Diven
 Oct 19th Sarah Hancock
 Oct 22nd Carol Baker
 Oct 25th Rodney Jenkins

Oct 26th Noble Timmons
 Nov 4th Danny Murphy
 Nov 16th Judith Murphy
 Nov 27th Gwendolyn Ervin
 Nov 30th Paul Bergeron
 Dec 9th Linda Irick
 Dec 15th Ryan O'Dea
 Dec 16th Steve Bowden
 Dec 26th Jimmie Burton

It's Time for Basketball!

2009 Clemson Basketball Schedule

11/6 Francis Marion (Exhibition)
 11/13 Presbyterian
 11/17 @ Liberty
 11/20 @ UNC Greensboro
 11/23 Winthrop
 11/26 Texas A&M
 11/27 W. Virginia or Long Beach St
 11/29 TBA
 12/02 Illinois
 12/06 South Carolina
 12/13 Furman
 12/16 @ East Carolina
 12/19 College of Charleston
 12/22 Western Carolina
 12/29 South Carolina State

2009 Carolina Gamecock Basketball Schedule

11/5 Kentucky Wesleyan (Exhibition)
 11/13 Alabama A&M
 11/16 Georgia Southern
 11/19 La Salle
 11/20 TBD
 11/22 TBD
 11/27 Jacksonville
 12/02 Western Kentucky
 12/06 @ Clemson
 12/16 Richmond
 12/19 @ Wofford
 12/21 Furman
 12/30 @ Boston College

Sudoku Solution from page 4

		9	26	25		27	4	
8			38		37	17	16	18
				19	28	24	29	12
	6	2		7		3		
	5		33	32	34		22	
		1		23		31	20	30
14	39	35	36	15				
21	41	40	42		13			11
	43	46		44	45	10		





You are Invited to the 2009

Client Christmas Social



*Bring your
best christmas
dessert for the
Dessert
Contest!*



**December 15th
6:30 pm**

The Rusty Anchor
at Lighthouse Marina
1925 Johnson Marina Rd
Chapin, SC

**December 19th
6:30 pm**

Kershaw County Courthouse
Camden, SC

RSVP at 803-499-6623

Upcoming Educational Events

October 13th & 15th, 6:30pm

Lexington Arms, Lexington, SC

October 20th & 27th, 6:30pm

Rusty Anchor at the Lighthouse Marina, Chapin, SC

October 29th & November 3rd, 6:30pm

Old Armory Steakhouse, Camden, SC

November 19th

Sunset Country Club, Sumter, SC

You and a guest are invited to attend one of our educational events regarding your financial future. Dinner is complimentary. Call for more details and to reserve your seat for this informative event!

R.S.V.P. (803) 499-6623



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Safe Retirement Planning

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Guiding Your Money to Safety