



## June 29, 2010 – Alternative Strategy for Savings Accounts

During a client review last week, we discussed what he should be doing with the substantial savings he has accumulated in his checking/savings account. With short-term interest rates near zero, savings accounts and CD's are paying next to nothing. We discussed strategies to get the money working for him and his wife. The issue is, they would like a solid return with low risk and maintain quick access to the cash.

I am sure they are not alone in their needs. More Americans seem to be putting money aside in savings accounts in case the situation in Europe further deteriorates or the global economic recovery stalls and the world slips into a double dip recession. Investors have become more conservative after a 50% and a 57% decline in the S&P500 Index in the last decade. And rightfully so. Losses like this require returns of 100% and 133% just to get back to breakeven.

For those of you who are familiar with my view of the markets and have been reading this newsletter for years, you understand my belief that Wall Street is designed to take our money. If we do not have an edge or system for making money, it is my assessment, we should not risk our hard earned capital in the Wall Street Casino.

But with low interest rates on short-term CD's, money market funds and savings accounts, you may have difficulty finding an attractive place to put your savings that is not dependent on a rising stock market to make money. Therefore, savers will have to be a little more creative to earn a respectable return. When looking at alternative investments, carefully evaluate two issues:

- 1) The risk of losing your principle
- 2) Accessibility of your funds

Before considering any investment option, make sure all credit cards are paid off. Credit cards and high interest car loans are attractive places to deploy excess cash.

In March we discussed the best risk-adjusted return strategy, in my assessment, on the planet. See the letter here: [http://davefulkerson.com/images/March10\\_JunkBondSystem.pdf](http://davefulkerson.com/images/March10_JunkBondSystem.pdf).

Maximizing returns on excess cash is likely to be of interest to investors for years to come as households recalibrate their finances in the wake of the banking crises of 2008 and the ongoing European sovereign debt crises of 2010. Investing in a time-tested, proven system to make money on excess savings can make a substantial difference in our ability to live comfortably in retirement.

This may be a good time to consider if you could benefit from a money management system that had a positive return in 2008 when the S&P500 Index was down 37%. It also provided great returns in 2009. If you would like to review such an alternative send smoke signals, a Carrier Pigeon or your preferred form of communication to Fulkerson Capital Management.

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**248.670.9823 • dave@davefulkerson.net • www.davefulkerson.net • fax: 267.350.9052**

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