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Lesson learned?

With the stock market rebounding from the recession, it remains to be seen how investors will respond.

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STAFF WRITER

It's been nearly two years since the stock market crashed, decimating many Americans' retirement savings and prolonging the country's economic recession.

In that time, the Dow Jones — which slipped more than 22 percent between Oct. 1 and Oct. 10, 2008 — has once again reached 11,000, and most economists are proclaiming the recession has ended.

But whether or not Americans have learned their lessons about investing and credit remains to be seen.

"I'm not so certain how well we've learned our lesson," said Joel Naroff, president of Naroff Economic Advisors in Northampton. "There seems to be a continuing belief that anything is possible, and there are no prices to pay for



Joel Naroff

that.

"To a large extent, the average investor is a lot more cautious," he added. "But I don't believe we fully learned the lesson, that if it looks too good to be true, it probably is."



Mark Charnet

Mark Charnet believes people have learned a lesson from the stock market turmoil, if only about how to mitigate their investment risks. Charnet is CEO of American Prosperity Group, a financial services franchise that often recommends investment in variable annuities, an insurance product that guarantees a lifelong income.

Investors have given annuities a second look recently, and American Prosperity Group has prospered, going from a presence in only one state two years ago to seven states this year. It has an office in Newtown Township.

"To be in equities naked and vulnerable to the whims of the market is no longer acceptable for retirement income," Charnet said. "For the serious money that's going to replace someone's working income to sustain them and their family for the rest of their lives, they can't



Rosemary Caligiuri

afford to be in equities for the rest of their lives."

Rosemary Caligiuri, president of Harvest Group Financial Services in Middletown, believes her clients have learned their lessons — but they're certainly not close to regaining what they may have lost in retirement income.

"If they lost 40 percent, to break even they had to get back 67 percent," she said. "Many people have not been back up to where they lose."

Still, Caligiuri said, clients have become more cautious and more knowledgeable about their investment risks.

"I'm liking what I'm seeing, although now, the consumer's going to be having to embrace a new risk, which is interest rate risk, which will affect us as we have inflation," she said. "That will affect our bond portfolio. Now people are going to have to get smart about that."

"Yes, there have been lessons learned," Caligiuri said. "But now there will be new lessons."

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