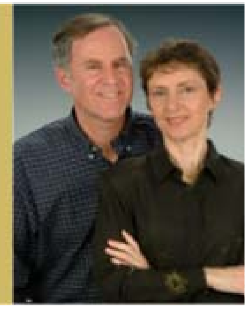
BONDS

Scarsdale Investment Group, Ltd.

All Bond Portfolios



Brief Communication *June 23, 2010*

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Dear Hildy,

The greatest risk to your financial plan after you retire is a severe stock market decline. Your capital may be permanently depleted at a time when you have diminished opportunity to return to the work force and restore your capital. Robert Huebscher provides an example of how an all-bond portfolio can be constructed to provide a safer four percent withdrawal rate than an equity-centric portfolio.

Brief Communications are intended to address questions and concerns experienced by our clients. If you have specific questions you would like us to address, please ask here.

Best regards,

Hildy Richelson, Ph.D.
215-646-7693

A Safer Four Percent Withdrawal Rule

As you know, our strategy of an all-bond portfolio runs counter to the "received" wisdom that stocks will always outperform bonds. We note that broker dealers call money invested in bonds "dead money" because it does not generate revenues for them, while money invested in stock produces substantial income from trading commissions. Robert Huebscher, founder and CEO of Advisor Perspectives, has written an excellent white paper comparing retirement withdrawal rates between equity-centric and all-bond portfolios entitled "A Safer Four Percent Withdrawal Rule." It describes how a combination of municipal bonds and Treasury Inflation Protected notes (TIPs) can produce a safer alternative to a portfolio of stocks and bonds.

Many of you have attempted to introduce your friends to the idea of an all-bond portfolio (we thank you for that). You have heard responses like "you must be joking?!?," validating the rule that "no good deed goes unpunished." This article by Robert Huebscher may be a real eye-opener for those you know, who have been suffering from the recent extreme financial market volatility, and who would love to find an alternative investment strategy.

Just click on the link below to forward this email to your family, friends and associates who might benefit from Mr. Huebscher's article. We would be pleased to set up a call to discuss our bond investment program with you or anyone you might refer to us.

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