

Finding Financial Security in Uncertain Economic Times

A landmark study reveals that productive financial behaviors boost feelings of security today and optimism for tomorrow.

That squeeze you feel at the gas pump is more than just your fingers against the handle—it's a squeeze on your wallet. The cost of gasoline and everyday goods are among the top concerns of Americans, even more than declining stock market and real estate values. Families are pressed by the rising cost of living, and many wonder how they can plan for a secure financial future when they're having trouble just making ends meet, day to day.

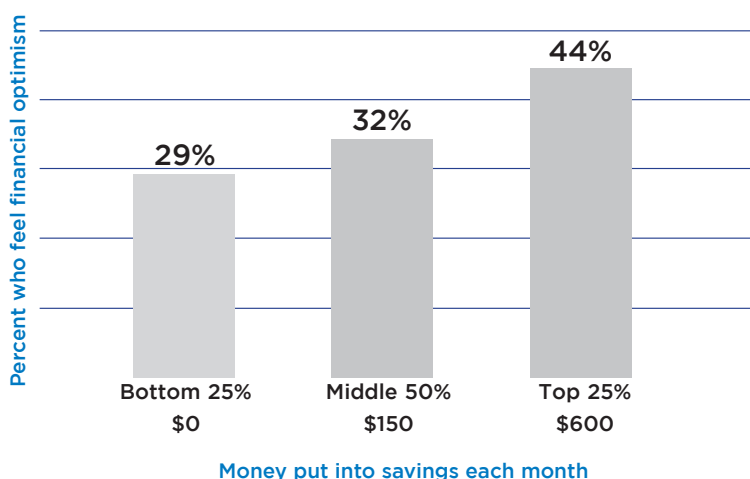
But there *is* good news.

A landmark survey reveals that specific financial behaviors can provide emotional security in times of economic turmoil.

Research conducted with more than 9,300 individuals and families over the past two years offers evidence that the behaviors encouraged by a financial plan provide not only the foundation for financial well-being, but also inspiration for families squeezed by the rising cost of living. Guided by a plan, families feel more secure, more optimistic about their future, and more confident in their ability to pursue their retirement goals with a disciplined approach to savings and debt.

Here's what the survey revealed.

THE PRACTICE OF SAVING INCREASES FINANCIAL OPTIMISM.



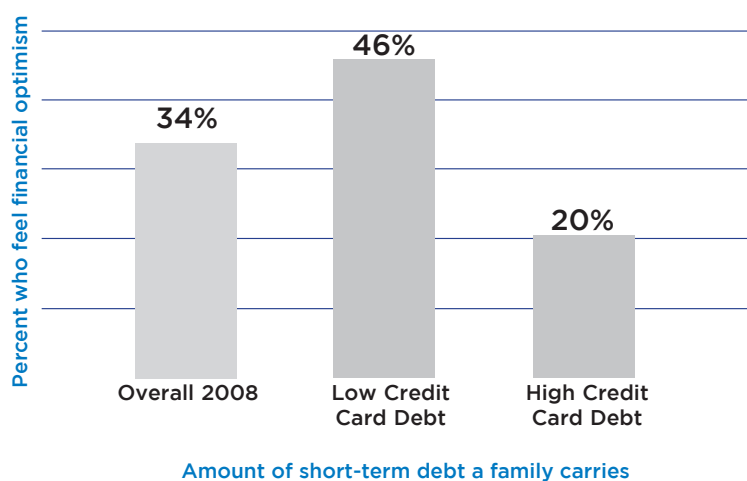
Among the survey respondents, 44 percent of those who put the most money into savings from month to month described themselves as “very” or “extremely” optimistic about their financial future. And 40 percent of those having the highest current savings balances expressed similar optimism.

But more interesting is that, among those with the lowest current savings balance, 57 percent of those who consistently put money into savings expressed optimism about their financial future. These findings demonstrate that financial optimism isn't dependent on how much one has accumulated in savings—rather, it's the practice of saving, itself, that creates an emotional lift.

SHORT-TERM DEBT REDUCES FINANCIAL OPTIMISM.

Individuals and families who are most concerned about the cost of everyday goods are also the most uncomfortable with the balances on their credit cards, personal loans and other short-term debt.

In 2008, only about one-third (35 percent) of survey participants overall said they feel “very” or “extremely” financially secure from month to month. And only about one-third (34 percent) expressed optimism for their



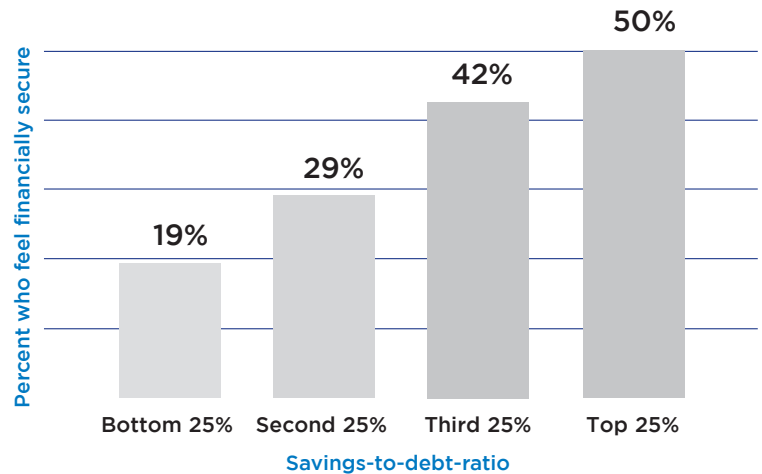
financial future. But among those with high short-term credit debt, expressions of financial optimism sank to 20 percent. What's more, those most concerned about their debt are more likely to feel financially "stretched" from month to month—and are the least likely to make saving and investing a priority.

AS THE RATIO OF SAVINGS TO DEBT INCREASES, SO DO FEELINGS OF FINANCIAL SECURITY.

One of the most important findings from the study is that an individual or family can have some debt and still feel optimistic and financially secure—as long as they're disciplined in their approach to savings and diligent in their paydown of debt.

The savings-to-debt ratio is perhaps the most significant contributor to feelings of financial optimism, for as one's savings-to-debt ratio increases—meaning more savings, less debt—feelings of financial security increase, and feelings of being financially "stretched" decrease.

And these feelings aren't dependent on having no debt. Two individuals or families with the same amount of debt may have very different feelings about how secure or "stretched" they are, depending on how consistently and how much they save.



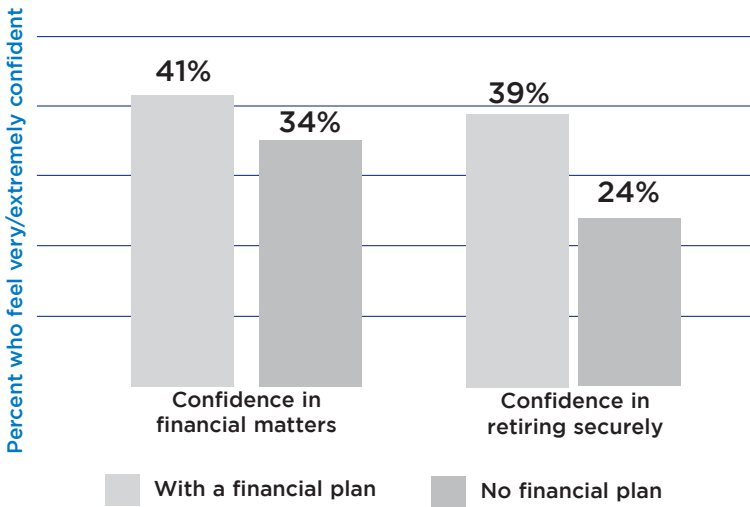
CONFIDENCE GROWS WITH A FINANCIAL PLAN.

Too often, those who could most greatly benefit from a financial plan believe they should establish one only after they pay down their debt. But a financial plan, and the assistance of a knowledgeable Financial Advisor, can encourage disciplined, lifelong behaviors that enhance financial well-being and long-term security for oneself and one's family.

Take savings and debt, for example. The survey shows that individuals and families having a financial plan are more likely to have a positive savings-to-debt ratio than those without a plan. And this is consistent across all incomes, indicating that a family earning \$50,000 per year can achieve the same level of financial hope and confidence as a family earning \$100,000 per year or more—if it is managing money according to a sound financial plan.

A LANDMARK RESEARCH INITIATIVE

First Command commissioned Sentient Decision Science, LLC (www.sds-insight.com) to gather data on the active financial behaviors and the state of financial security of the American public. From 2006-2008, more than 9,300 American families were interviewed online using a U.S. Census-based sample. Data was compiled and analyzed to assess trends in financial attitudes and behaviors over time. The data represents the feelings and behaviors of individuals between the ages of 25 and 70 with a household income of at least \$50,000. First Command will continue to conduct monthly tracking surveys to understand the changing financial behaviors of the American public and publish results quarterly as part of the First Command Financial Behaviors Index.



Almost half (45 percent) of survey respondents with a financial plan reported feeling “very” or “extremely” secure financially, compared to less than one-third (31 percent) of respondents without a plan.

Finally, persons having a financial plan expressed significantly more confidence in dealing with financial matters than those without a plan (41 percent vs. 34 percent, respectively). And they reported greater confidence in their ability to retire comfortably (39 percent vs. 24 percent, respectively).

These powerful conclusions demonstrate the vital role a financial plan can play in providing emotional security in times of economic turmoil. Your First Command Financial Advisor is eager to help you plan confidently to pursue your financial goals and dreams. For a review of your financial plan, and for knowledgeable advice regarding your financial situation and goals, contact your Financial Advisor today.

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