2005 Is A Year Of Transition Financial Experts Claim

(NAPSA)—2005 as a transition year was one of many topics at a recent panel discussion hosted by Boston-based asset manager Eaton Vance. The panel of behavioral finance, economic, tax, and capital markets experts discussed a range of issues facing investors, including tax reform, social security, the national deficit, single stock concentration, capital markets performance, inflation, retirement readiness and other personal finance issues.

The dialogue was based on the results and implications of Eaton Vance's sixth annual survey, a detailed study of attitudes and practices about investing. The poll was conducted among 1,000 U.S. residents who have invested in both qualified retirement plans and investments outside of qualified retirement plans. This study was conducted by Penn, Schoen & Berland Associates, Inc.

Duncan W. Richardson, senior vice president and chief equity investment officer of Eaton Vance Management, identified 2005 as a year of transition in the financial markets. "It's a transition in terms of public policy, as well as on the investment front, to an environment of rising interest rates. We've had two decades of lowering interest rates and the prevailing sentiment was that rates would increase last year. The rate hikes were slower in coming than anticipated, but it is a reality now. This transition to higher rates has implications for what people should be doing with their assets. Some modification in their asset allocation, the mix of stocks and bonds that they're using, is appropriate."

Avi Nachmany, co-founder and research director of Strategic Insight, an asset management industry think-tank, discussed the change in perception of international markets. "I've believed for a long time that it's imprudent to have only five or ten percent of your money invested outside the U.S. As of late, our research shows that investors are putting half of their incremental money in international funds and that other half in domestic funds. So clearly there's a significant and, I think, prudent transition underway towards true diversification."

Mark A. Weinberger, former U.S. Assistant Secretary of Treasury for Tax Policy and current vice chair of Ernst & Young, predicts significant changes in the not too distant future. He observed that, "within the next several years, the confluence of three events will require policy makers to make some of the most important fiscal and social policy decisions of our time: the beginning of the retirement of the baby boomers, the application of the alternative minimum tax to some 40 million middle-income individuals, and the potential expiration of over a trillion dollars of individual tax cuts."

Jane Bryant Quinn, noted personal finance columnist, suggested "We're entering a kind of market-based retirement period. In other words, investors are on their own to succeed or fail, not only in their working years but also in their later years. This is a new approach from the one taken to retirement over the past 20 or 30 years, and this trend will, of course, intensify if Social Security is privatized. Investment advisors' jobs will increasingly become not just one of helping clients grow their money but also helping clients see and control their risks."

Eaton Vance Corp. is a Boston-based investment management firm whose stock trades on the New York Stock Exchange under the symbol EV. Eaton Vance and its affiliates manage over $98 billion in assets as of January 31, 2005, for more than 100 investment companies, as well as individual and institutional accounts, including those of corporations, hospitals, retirement plans, universities, foundations and trusts.

Penn, Schoen & Berland Associates, Inc. is a Washington, D.C.-based full-service strategic polling and market research firm.

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