FIVE BIGGEST MISTAKES: UNWARY FLORIDA INVESTORS ARE MAKING THE SAME COSTLY ERRORS TODAY

ORLANDO, FL.//June 2, 2005//As the financial markets remain unsettled, Florida investors who are without long-term financial plans are making the same five costly errors over and over again, according to a warning issued today by Resource Consulting Group, Inc., an investment advisory firm in Orlando.

Resource Consulting Group Vice President Kimberly Sterling said: **"Uncertainty and confusion are the No. 1 enemies of the investor who operates blindly and without the benefit of a long-term plan. When you are trying to read uncertain market signals every day and end up jumping erratically from one hot trend or product to another, the only thing that is likely is that you will end up worse off than when you started. We want to encourage investors who are grasping at straws today take a deep breath, calm down and get focused on a real plan."**

The five most common investor mistakes focused on by Resource Consulting Group include: chasing returns on foreign investments and ignoring domestic opportunities; treating "hot" investment alternatives (such as hedge funds and private equity funds) as though they are asset classes; taking a short-term view of tax avoidance; over-concentrating in real estate; and ignoring the full costs of owning certain investment products, such as a stock fund inside an annuity.

THE 5 MOST COMMON ERRORS

1. Giving short shrift to U.S. small and growth opportunities by chasing returns to exotic foreign destinations. Because they have been hot for the last three years, international investments are now dangerously overloaded in the portfolios of many investors.

2. Rushing into real estate (often on a local and undiversified basis) in exactly the same way that people stampeded into tech stocks in the 1990s. Sterling said: **"Real estate is to investing in 2005 what tech stocks were to investing in the middle and late 1990s. And I say that even though much of the talk you hear today about a possible real estate bubble may be overstating the danger to investors. But the reality is that it won't take much of a correction in real estate prices to put investors who are over-concentrated in real estate into an extremely painful bind. Real estate is fine as part of most investment portfolios, but if it throws off your overall diversification, you are setting yourself up for a fall."**

3. Treating "hot" investment alternatives (e.g. hedge funds or private equity accounts) as though they are asset classes – when they are not. Though this is a perennial problem for "plan free" investors who latch on to whatever is being talked up in the news media and among colleagues, two of the most-discussed products of today – hedge funds and private equity accounts – are, in many ways, even more volatile and less liquid than the "hot" products of previous years.

4. Taking a counterproductive, short-term view of tax avoidance. For example, investors buy annuities in order to defer taxes and succeed in doing so. But such an approach also converts any gains (which are usually taxed at the 15 percent long-term capital gain tax rates) so that they are taxable at up to 35 percent ordinary income rates. The annuities were sold to the client when the individual in question was early in their accumulation years and now they find out that at retirement, they are facing the same tax obligation. The drawbacks are several for individuals in this situation: (1) they are still in the highest tax bracket; (2) they may increase the tax owed on their Social Security income; (3) if they don't touch the annuity, they disinherit themselves; and (4) their children will end up paying the taxes after their death.

5. Ignoring the costs of owning an investment - and paying a real price for doing so. Sterling said: **"In a market that is going up fast, investment costs can seem almost 'pain free.' But every little bit of cost hurts when you have a situation like today's market, which is flat and often down. Consider the costs of owning a stock fund inside an annuity, which adds an additional 1.75 percent to the cost of the fund. The average cost of a mutual fund today is 1.3 percent. Before the investor makes a fraction of a percent, the annuity has to clear those hurdles, which are not inconsiderable in today's unforgiving market."**

For more about investment pitfalls and the need for long-term financial planning, go to the Zero Alpha Group Web site at http://www.zeroalphagroup.com.

ABOUT RESOURCE CONSULTING

Resource Consulting Group is a fee-only financial planning and investment advisory firm. We look at the big picture concerning your finances with the goal of achieving or enhancing your peace of mind. The first and most important thing we do is listen. We assist you in quantifying your hopes and dreams and in determining your tolerance for various types of risk. We work with you in creating a realistic plan to achieve your goals. Only then do we design, implement and monitor an investment plan to accomplish your goals.

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EDITOR'S NOTE: A streaming audio replay of a related news event will be available on the Web as of 6:00 p.m. ET on June 2, 2005 at http://www.zeroalphagroup.com.