MAGELLAN FINANCIAL

INTEREST RATES BOND PRICES

Q. **First discuss the current atmosphere around interest rates. We know they're low, why and where are they headed? (Advisor) are you ready to tackle the relationship between interest rates and bonds?**

A. Advisor - (have fun, intro, why a great topic today?)

Q1. **Look at cd rates, bank saving's rates and compare them to the interest rates of say, your credit cards, or inflation…not even close to keeping up. Running for Safety doesn't really provide a lot of safety on returns does it?**

A1. Not at all. Losing against inflation alone

Q2. **Bonds have long been a tool used for retirees for consistent and what you would term as safe income. Would you say today's bonds are able to be used the same way?**

A2. Discuss the relationship with interest rates and bond prices, how they move. Is this an Inverse relationship?

Advisor** as interest rates go up, bond values go down. Explain)

Q3. **Is there a "real loss" of value if you hold on to your own bonds currently? You're just earning the lower rate you purchased.**

A3.

Q4. **What about bond funds? ETFs etc, if interest values go up, is it better to use something like a find of bonds?**

A4. Bond funds even more susceptible to interest rate changes. Explain

Q5. **Are they just as tax efficient as holding a municipal bond or government bond themselves?**

A5. (*Do you really see today's retiree holding individual bonds anymore??)

Q6. **High yield bonds are a soft phrase used for in the industry you call junk bonds. What's the risk of chasing after higher returns in something like a high yield bond**

A6.

Q7. **If you can't alone achieve the income earnings you need from your savings during retirement in something like bonds or cds, is the alternative to be investing in the stock market??**

A7. Now I didn't say that. But we probably do need a portion earning some returns

****explain your firm's stategy**