We are prepared to assist you with a broad selection of products including:

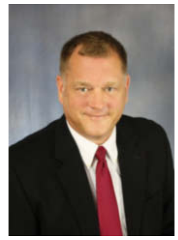
- Mutual Funds
- Unit Investment Trusts
- Fixed and Variable Annuities
- Stocks
- Bonds
- Life Insurance
- Long-Term Care Insurance
- Individual Retirement Accounts

Through all of the market ups and downs, we strive to provide quality service and professional financial guidance with integrity to help our clients reach their financial goals.

New Britain
FINANCIAL ADVISORS
Investments • Retirement • Strategies

Located At
335 West Butler Avenue
Chalfont, PA 18914

New Britain
FINANCIAL ADVISORS
Investments • Retirement • Strategies



Bryan Pecherek
Senior Financial Advisor
Located at
335 West Butler Avenue
Chalfont, PA 18914
(215) 996-3777
bryan.pecherek@investfinancial.com
www.nbfinancialadvisors.com

FINANCIAL NEWS YOU CAN USE

Rising Rates: What Do They Mean for You?

Do rising rates affect or reflect a nation's economy? If you're under 30 years old, you've probably never had to worry about a rising rate environment. Sure, rates have bumped up from time to time, but nowhere near the record U.S. prime rate of 21.5% on December 19, 1980.[1] The Fed Funds Rate has been between 0.0% and 0.25% since December 16, 2008[2], the heart of the financial crisis more than five years ago. That's helped keep the interest payments that consumers pay on loans low, but it's also meant that peoples' savings hasn't earned much. Soon, however, rates are poised to go up.

Seven points to consider about rising rates:

1. Rising Rates Absolutely Signal Higher "Real" Interest Rates. Without getting too technical, the Fed Funds Rate is the rate that banks pay to borrow money from other banks overnight. The "real" interest rate is the rate that a consumer or business pays to borrow money over a longer period of time. It's usually a few points higher. When the Fed Funds Rate rises, the "real" rate people pay to borrow money usually goes up as well. Of course, variables like credit scores and terms of loans also affect the "real" interest rate paid.

2. Rising Rates Do Send A Signal. Rates sometimes rise due to greater demand for a nation's money caused by inflation[3] or simply the expectation that inflation is around the corner. A higher interest rate can, of course, suck up excess money that's in circulation in the form of interest payments. It's generally believed that rising rates signal that the economy is improving[4]. But by themselves, rising rates signal only that: rising rates. For the American citizen and investor, rising rates

mean that cash savings will be rewarded more than in the past few years and it will cost more to borrow money.

3. Rising Rates Reflect Supply and Demand of Credit. It's the most basic economic concept: supply and demand. When there is less of something, it becomes more expensive to get. The low-rate environment we've seen for the past 5-6 years has been spurred by the Federal Reserve's $85 billion-a-month bond buying program, which has put money into circulation and made it less expensive for businesses and individuals to borrow money. As the Fed cuts back, rates will rise because there's less cash in circulation. Borrowers may have to pay more to get it.

4. Rising Rates And Stocks. Let's say you borrowed $10,000 at a rate of 4% on March 9, 2009 (the bottom of the stock market's selloff). You would have paid about $12,000 back after 60 months. But if you had invested the $10,000 in an S&P 500 tracking fund that day it would today be worth about three times as much[5]. Only one option was a sure thing, however: you knew the details of your loan. You didn't know your investment would increase in value so quickly, although low rates often leave more liquidity and many investors will use that money to "bid up" stocks.

5. Remember Economics 101 Regarding Rates. Never forget supply-and-demand when it comes to interest rates. Higher rates mean borrowing becomes more expensive. As bonds are a form of borrowing, bond yields (a.k.a the "coupon") increase. Therefore, short-term bonds become more appealing because they could pay a higher coupon.

6. Long-Term Borrowing Becomes More Expensive. It is now possible for a homeowner to pay 4.31% for a 30-year mortgage and 3.36% for one that lasts 15 years.[6] Those numbers will only go up with the Fed Funds Rate, so it's important that a homeowner who's planning to stay in his or her home for more than 47 months and is paying a higher rate should re-finance now.[7]

7. Never Forget The Real Estate Bust. The low-rate environment of the past 5-6 years is a result of the real estate bubble. Mortgages that didn't reflect the interest rates of the time, or the true rigors of owning a home, meant that too many heavily leveraged buyers got into real estate, speculation on rising home values was rampant, and the bubble burst. As rates rise, such speculation should be discouraged and "safe" investments like savings accounts, CDs, TIPS, and floating rate funds may prosper.

Everything in the economy affects interest rates, and vice versa. As they rise from historic lows, that could signal more stability in the economy and potentially new opportunities for investors that haven't been available for years.

1) FedPrime, "Prime Interest Rate History," 2014. 2) Board of Governors of the Federal Reserve System, "Open Market Operations," February 6, 2013. 2) Market Watch, "Do rising interest rates mean impending inflation?" August 22, 2013. 4) Commercial Observer, "Rising Interest Rates Signal Good News for Real Estate Markets," January 20, 2014. 5) Y Charts, "S&P 500 Total Return," February 2014. 6) Bank Rate, "Mortgage Calculator," February 2014. 7) Zillow, "Should I refinance my home mortgage?" February 2014.