

October 7, 2008

Dear Fellow Americans:

My name is Matthew Hutcheson. I am a professional fiduciary, which means I am responsible for protecting the retirement plans of thousands of workers. My sole job is to secure the retirement income of workers in plans that I serve to the fullest extent of my ability. That requires patience, discipline, and application of correct economic and financial principles.

Like you, I am concerned about what we have recently observed in our financial markets. This letter is intended to convey a realistic message and to explain the problem clearly and concretely.

Financial Poisoning

Many of us have had the experience of inadvertently eating something that has made us violently ill. Food poisoning is a common, unpleasant event, though it is rarely fatal. The human body purges the poisons until it has the strength to fight the poisons from within.

What we are experiencing today might be described as "financial poisoning." Global stock markets are purging financial poison from the world economic system. We are essentially seeing the same reaction from the markets that we would see from our own bodies if we ate tainted food. In this case, though, it is tainted financial products not tainted food.

In essence, both the domestic economy and the global economy ingested financial instruments that were economically poisonous, and the whole world is now paying the price for that.

Good Food

After a bout with food poisoning, good "clean" healthy food must take over one's diet as soon as possible. If a human body is simply starved, and good food is withheld due to the fear of being poisoned again, eventually the body will simply stop working.


Our financial markets are similar. At some point in time – hopefully sooner rather than later – good "food" must be consumed. In this analogy, the good food is akin to new investments; those that are clean, transparent, properly valued, etc.

Withholding capital, then, is not the correct thing to do in the long run. In fact, one of the very best things a person can do following an illness is to consume a healthy meal; that is, make new investments. Contribute to an IRA, your 401(k), buy a house, etc.

Bright Hope

I know you are concerned. I've spoken to hundreds of others just like you who fear the bottom may be falling out of financial markets and our economy. No doubt the problem is serious but there is reason for hope. Any capitalistic system somehow, almost miraculously, demands good "clean" food such as transparent, economically sound investments, loans, projects, etc. That begins with you. You must not be ignorant about the investments you own. You must demand that those that owe you a duty of loyalty, because of their fiduciary responsibility, also know and understand what investments they are buying, and why.





If you will take responsibility for yourself by becoming knowledgeable about how our financial and economic world works, and couple that with getting out of personal debt and making new "healthy" investment choices, you can be sure that everything will work out well.

It will take a united effort; all Americans must take responsibility, avoid financial ignorance, and demand that those with fiduciary duties to us discharge them correctly and thoughtfully. That requires proactive knowledge. Americans cannot claim ignorance anymore. It is time to take control over our own personal lives by making the correct choices now.

Trust in the System

A knowledgeable society – made up of you and I – in the future must prevent tainted investments from being ingested into our financial markets. Trust can be learned, and it can be restored quickly when we are informed, have the same intentions to strengthen our economy, and when we assume personal responsibility for our actions.

Conclusion

You may be frightened and discouraged. That is perfectly understandable. However, I believe fully that things will work out if we as a people awaken from the economic and financial stupor that we have helped allow to engulf us. Now is not the time for unprincipled emotional reactions with your money. Take a deep breath. Think it through. Consider that the economy needs a "good meal" if you will.

How can we exercise good judgment during this time of crisis? First, understand that eventually the poison will work its way out of the system. Second, understand that our federal government will not be able to keep stepping in every time the greed on Wall Street runs amok. That means that we - you and I - must be personally responsible for what we do, and we must hold others to that same standard. Third, we as a people can no longer afford to permit our financial services industry to operate in obscurity or opacity. As we have all seen, that lack of transparency eventually results in widespread damage to national and global economies, which, in turn, disrupts the fragile economic system within the walls of our own homes.

In a declaration to the financial services industry dated July 4, 2007, I made the following statement:

"It is argued by many that to disclose past errors...could undermine trust in the retirement system itself. But the industry's past penchant for sacrificing ethical and legal duties upon the altar of economic gain must at some point stop. The best time for that was the day before it started. The second-best time is now."

That time is now. Join with me now in taking personal responsibility for our economic and financial future. I believe that by doing so, we will make it a bright future.



Matthew D. Hutcheson