

- Financial Focus with Kirk Camunez- (Almost) Everything You Wanted to Know About Bonds

In the financial world, stocks tend to get most attention. But if you're going to make progress toward all your long-term goals, you need to be aware of all types of investments - and bonds can be an important part of your portfolio.

Many people, however, don't fully understand how bonds work. So, before you invest in them, familiarize yourself with the "bond basics." Here are a few of them:

- Bonds are "debt" instruments. When you buy shares of stock, you're actually becoming an owner - although one of a great many - of a company. But when you purchase bonds, you are, in effect, loaning money to whomever issues the bond - a business or the government. If you hold the bond until it matures, you'll get your principal, or "par value" back (provided the issuer doesn't default) and, along the way, you'll receive regular interest payments. A bond's interest rate is known as the "coupon."

- Bond prices will fluctuate. Your bond's interest rate will not change over the life of the bond. However, the price of your bond can fluctuate, an important factor to keep in mind if you

plan on selling your bond before it matures. A bond's price will move in response to several variables, chief among which is interest rates. Bond investments are subject to interest rate risk such that when interest rates rise, the prices of bonds can decrease and pays a 4 percent interest rate. If new bonds are issued at 5 percent, no one will pay you the full \$1000 for your 4 percent bond, so, if you wish to sell, you will have to offer it at a discount. Conversely, if the market rates fall to 3 percent, you 4 percent bond will become highly desirable, so you could sell it for more than the \$1000 par value.

- Different bonds have different "ratings." If you buy a corporate bond, you'll have a choice between investment grade bonds - those receiving the higher "grades" issued by rating agencies, such as Moody's or Standard & Poors - and "junk" bonds - those getting the lowest grades. The higher-quality bonds carry less risk of default but pay a lower interest rate than the "junk" bonds, which must offer the higher interest rates to attract investors who may be worried about the default risk. Generally speaking, you're probably better off by sticking with

"investment grade" bonds and staying away from the "junk."

- Some bonds can be "called." A callable bond is a bond that can be redeemed - or "called" - by the issuer before its maturity. If interest rates have declined since the bond was originally issued, companies will call bond and reissue them at lower, prevailing interest rate, thereby saving money on interest payments. As an investor, this could be cause for concern, because if your bond is called, and you wanted to reinvest the proceeds in a new bond, you'd likely have to accept a lower coupon rate. Consequently, you may want to look for a bond that offers "call protection" - a promise that a bond can't be called before a certain time.

To determine if bonds are appropriate for your individual situation - and, if so, what type of bonds - see your financial advisor. By adding bonds to your portfolio, you may well give yourself a broader platform for success.

**Kirk Camunez
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- Inside Insurance- with Kenneth Ruth

Ok in this issue the question is who pays for a shared fence with a neighbor?

Over the history of time the courts have had to come up with a way to deal with all the people and fences? If not we would have a much larger problem trying to figure out what to do?

It is called Civil Code 841. Good neighbors will agree on splitting the cost of the repair. Civil Code §841 requires that owners contribute to maintain fences between them, unless one of them chooses to let his land lie unfenced; if he later fences his property, he then is responsible for payment of a proportional share of the value of the fence.

I personally have

found if all possible try to be nice to your neighbor's and all of you work it out. Just that simple.

My past experience with the courts says if you do go to court the courts have made it hard to get any good results. In other words the two parties have found it better to work it out side the court room. Our courts don't like neighbor hood brawls.

The results are usually a lot less then you might expect for both sides.

It all goes back to get along with your neighbors.

**Ken Ruth
Farmers Insurance
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Financial Advisor

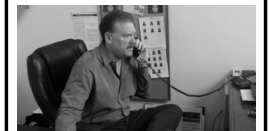
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