Chart Your Course,

Pursue Your Dreams

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We want to say thank you for your patience during our transition. What a time to do it?! The market couldn't have been more volatile.

We are settling in with LPL Financial. There are a lot of improvements, but there are also some areas in need of it. Overall, I am pleased with our decision including our increased access to "new issue" offerings.

In addition, we have the ability to invest in non-dollar sovereign debt markets which I feel going forward will be more and more crucial.

On a lighter note, please save the date - October 1st (Happy Birthday Charlotte!) for our annual BBQ! This year we are considering hosting this at the Elks. This isn't set in stone so if you have any suggestions or objections to the date or location I am open to suggestions.

P.S. Our website is up and running for general information only- not an investment recommendation. Please consult with me prior to investing.

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Life without Life Insurance

What if you were no longer here to provide for your family and loved ones? What if you couldn't watch your children grow, graduate from college, and begin their own families? What if your spouse couldn't afford the home, car, college tuition, or unanticipated medical expenses, all because you hadn't planned for the unexpected? Life is full of "what ifs," and we don't always have the answers to every question. That's why it's important to put a plan in place that will protect your family if you're not here. Life insurance can be an essential part of that plan.

How much do you need?

Life insurance can provide financial resources at your death for your family or business, or for charities and other interests. The amount of life insurance you need depends on a number of factors, including the size of your family, the nature of your financial obligations, your career stage, and your goals. The answers to these questions may help you determine how much life insurance you should consider:

- What immediate financial expenses (e.g., debt repayment, funeral expenses) would your family face upon your death?
- How much of your salary is devoted to current expenses and future needs?
- How long would your dependents need support if you were to die tomorrow?
- How much money would you want to leave for special situations, such as funding your children's education or gifts to charities?
- What other assets, including existing life insurance, do you have?

What if your spouse dies first?

If you're the primary breadwinner in your marriage, it's easy to overlook the financial and emotional strain your family will face if your spouse should die before you. Your income might be diminished if you have to work less in order to spend more time with your children. Or, you may have to work longer hours to cover unanticipated expenses for daycare, house cleaning, meals, etc. To your young children, losing one parent may seem like losing both. If your spouse should die before you, insurance on his or her life can offer financial security for your family, allowing you to spend more time providing emotional support for your children.

Even if you're single

Just because you're single doesn't mean you don't need life insurance. If you died tomorrow, what financial obligations would remain? Do your parents or other relatives depend on you for support? Do you want to leave something to people close to you such as siblings, other relatives, or close friends? How will you provide for your favorite charities? Do you have pets that will need care in your absence? Life insurance is an important part of any financial plan, even if you're not married.

Don't let hard times be an excuse to cancel your insurance

During tough economic times, you might be tempted to stop paying your life insurance premium. However, a recent study reveals that 4 in 10 households with children under age 18 would have trouble meeting their everyday living expenses if the primary breadwinner died. Yet 30% of U.S. households have no life insurance, and of those that do, over half (58 million) say they need more life insurance (Life Insurance and Market Research Association 2010 *Trends in Life Insurance Ownership).* Cancelling your life insurance to save a few dollars when money is tight may jeopardize your family's financial future.

Review your plan

Whether you have life insurance through your employer or purchased privately, have you reviewed your coverage recently, especially in relation to your current circumstances? Do you have enough coverage to meet your changing needs and goals? If you change jobs, can you take your insurance with you? Lives change over time and your financial needs may change as well. Review your present coverage with your insurance professional to ensure it's keeping up with your changing financial needs and goals.

See disclaimer on final page

Portability of Basic Exclusion Amount between Spouses

Portability allows a surviving spouse to use the unused basic exclusion amount of the first spouse to die to shelter property from federal gift and estate taxes. Portability of the exclusion between spouses would seem to make estate planning easier for many estates. However, unless extended by Congress, portability of the unused basic exclusion amount between spouses is set to expire in 2013.

Your estate plans and documents may need to be revised to reflect the tax changes for 2011 and 2012 and for the uncertainty for 2013 and beyond. Flexibility will be key.

Transfers of property during life or at death are generally subject to federal gift or estate taxes. Each taxpayer has an applicable exclusion amount, which is the amount of property that can be sheltered from federal gift and estate taxes by the unified credit.

Prior to 2011, each spouse was entitled to his or her own applicable exclusion amount, and any amount that a spouse did not use was lost, absent special planning.

But, thanks to legislation passed in 2010, the estate of the first spouse to die can now elect to transfer any basic exclusion amount that is not used to the surviving spouse. This is known as "portability." For 2011 and 2012, the applicable exclusion amount is redefined as equal to the sum of the basic exclusion amount of the surviving spouse and the unused basic exclusion amount of the last deceased spouse. For 2011 and 2012, the basic exclusion amount is $5 million (plus indexing in 2012).

Portability of the exclusion between spouses and an increase in the basic exclusion amount would seem to make estate planning easier for many estates. However, unless extended by Congress, in 2013, portability of the unused basic exclusion amount between spouses is set to expire and the exclusion is scheduled to decrease to $1 million.

Simple planning with portability

If you're planning today, you could transfer everything to your spouse and, if you die in 2011 or 2012, your estate can elect to transfer your unused basic exclusion amount to your surviving spouse. Your spouse will then have an applicable exclusion amount equal to the sum of his or her own basic exclusion amount and your unused basic exclusion amount, which your spouse can use for gift or estate tax purposes. For example, if you transfer your $5 million unused basic exclusion to your surviving spouse, who also has a $5 million basic exclusion amount, your spouse then has a $10 million applicable exclusion amount to shelter property from gift and estate taxes. Such simple planning might be very practical for some married couples, especially where the spouses' combined estates are expected to be less than the applicable exclusion amount.

Potential need for more complex planning

There are a number of reasons why such simple planning with portability may not produce the desired or best results. These include:

- Portability is set to expire in 2013, and tax rates are scheduled to increase while the applicable exclusion amount is set to decrease.
- You have family members or individuals other than your spouse that you would like to benefit prior to the death of your spouse.
- You have grandchildren or younger generations that you would like to benefit. The $5 million generation-skipping transfer (GST) tax exemption is not portable between spouses (and is scheduled to decrease to $1 million as indexed in 2013).
- State exclusion amounts may be lower than the federal applicable exclusion amount and may not be portable between spouses.

Use of A/B trust arrangement

Prior to the 2010 legislation, many married couples with estates that were greater than the applicable exclusion amount would set up an A/B (or A/B/C) trust arrangement. In general, the first spouse to die would transfer an amount equal to the applicable exclusion amount to the "B" or credit shelter (bypass) trust. The B trust could benefit the surviving spouse and their children, but the B trust would be designed to bypass the surviving spouse's estate. The balance of the estate would be transferred to the surviving spouse, either outright or by using an "A" marital trust, and qualify for the marital deduction. In some cases, a "C," "Q," or QTIP marital trust was also used if the first spouse to die wanted to control who received the marital trust property at the second spouse's death. The A/B trust arrangement typically assured that there would be no estate tax at the first spouse's death and that neither spouse's applicable exclusion amount was wasted.

An A/B trust arrangement may still be useful whether or not portability is available. For example, the B trust can assure that the applicable exclusion amount of the first spouse to die is not lost, even if portability is not available in the future. The B trust can be used to provide for family members or individuals other than your spouse (and even your spouse) prior to the death of your spouse. You could also allocate your GST tax exemption or state exclusion to the B trust. The A trust could use your spouse's applicable exclusion amount, GST tax exemption, and state exclusion.

Review estate plans and documents

Your documents and plans may need to be revised to reflect the tax changes for 2011 and 2012 and for the uncertainty for 2013 and beyond. To help guide you through these opportunities and uncertain times, consult an experienced estate planning attorney.

Do You Need Flood or Earthquake Insurance?

If you're deciding whether to buy flood or earthquake insurance (or both), consider the following questions:

1. ***Do you live in a high-risk area?***
2. ***Have you assessed the potential cost of repairs?***
3. ***Do you have sufficient resources to repair, replace, or rebuild?***
4. ***Can you minimize potential losses by fortifying your property and securing your personal belongings?***

We'd like to believe that disasters caused by floods or earthquakes are rare. But as we have seen with the recent natural disasters in the United States and abroad, the impact can be financially devastating. If you were to fall victim to a natural disaster, could you pay for the damages out-of-pocket? Will your homeowners insurance provide adequate coverage? Could any of us depend on the government for assistance?

Standard homeowners insurance generally does not cover damage directly caused by either floods or earthquakes. Federal disaster assistance is usually in the form of loans or grants and is only available if the damage is widespread and very serious, and the affected area is declared a disaster area by the Federal Emergency Management Agency (FEMA). So what should you do? First, review your current insurance with your insurance professional to determine what is, and especially what isn't, covered. Assuming you aren't covered for damage caused by flood or earthquake, consider buying flood or earthquake insurance, especially if you live in an area prone to recurrent disasters of this type.

Flood insurance

You might consider purchasing flood insurance even if you don't live in a high-risk area for floods. Storms, inadequate drainage, melting snow, and hurricanes can all cause serious flooding. According to the National Flood Insurance Program (NFIP), approximately 20% of all flood insurance claims come from areas that are at low to moderate risk for floods (www.floodsmart.gov). And if you're buying a home in a designated flood zone, your mortgage lender will require you to carry flood insurance before granting you a mortgage.

However, you can't simply buy flood insurance as an endorsement to your current homeowners policy. Instead, if you are eligible, you can purchase a separate flood insurance policy through an insurance company that participates in the NFIP. A few insurance companies also offer excess flood insurance policies that can supplement NFIP coverage.

A flood insurance policy provides flood protection for both your home and its contents. You can purchase up to $250,000 of coverage for the building itself, and up to $100,000 of coverage for the contents. If you own a home whose value exceeds the amount available through the federal program, you may be able to buy excess flood insurance through a private insurer. Excess flood insurance covers amounts above the $250,000 federal limit, and unlike NFIP coverage, may cover your home for its full replacement cost. You may be able to purchase these policies even in high-risk flood zones. Flood insurance offers some degree of protection for flood-related basement damage, but it doesn't cover all types of damage. It also doesn't cover events such as seepage or failure of a sump pump, and damages caused by sewer backups aren't covered unless they are directly related to a flood.

Earthquake insurance

Most homeowners policies generally have very limited coverage for earthquake damage--excluding direct loss from earth movement but covering loss by a subsequent fire, explosion, breakage of glass, or theft. As a result, if you live in an area prone to earthquakes, you may want to purchase earthquake insurance.

Typically, earthquake insurance covers damage to your home and your possessions. Most policies also cover costs incurred to minimize further damage after the earthquake, and costs for additional living expenses. The cost of earthquake insurance varies, depending on the scope of coverage, type of structure, and your location (e.g., in an earthquake zone). Coverage can be purchased as an endorsement to your existing homeowners insurance, or as a separate policy.

Whether you should buy earthquake insurance may depend on a number of factors that include:

- The frequency and severity of earthquakes in your area
- The likelihood an earthquake would cause considerable damage to your home
- Whether your home is constructed to withstand an earthquake of moderate strength
- Whether you could absorb the cost of replacing your residential and personal property

If you do buy earthquake insurance, you'll probably want to buy enough to cover the costs of rebuilding your home and replacing damaged personal property. That means that the amount of insurance you buy generally should be based on replacement or reconstruction costs and not the current market value of your home and possessions. Also, you may not notice some damages to your home or possessions immediately after an earthquake, so be sure the policy you buy gives you adequate time to discover damages and file a claim.

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Ask the Experts

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What happens to my online accounts when I die?

These days, using a personal computer is just a normal part of life. You may have e-mail or online accounts that require a password, or you may have pictures, videos, or documents stored online or on your hard drive. You may even maintain a blog or website. Like your physical assets, these "digital" or "cyber" assets can have both sentimental and economic value. Chances are, nobody else knows your cyber assets even exist, and if they do, they may not know where those assets are stored or how to access them. It's important that you make plans for the disposition of your cyber assets in the event of your incapacity or death. If you don't, your survivors may have to deal with time-consuming and costly searches, or worse, the assets may be overlooked and lost altogether.

What happens to your cyber assets at your death depends on what type of asset it is, and while the laws regarding cyber assets are not well settled, there are some broad guidelines. Domain names, once registered, become your personal property under property law, and your websites and blog content are yours under federal copyright law. These types of cyber assets are clearly defined by law and are transferable to your heirs (e.g., through your will). On the other hand, certain online accounts, such as e-mail accounts, Facebook, Twitter, eBay, or PayPal, may not be classified as property in the legal sense; you are merely given a license by the website when you agree to its terms of service. Under these terms of service, transferability of your accounts may be limited or even prohibited altogether. Terms of service vary widely from site to site. Some sites, such as YouTube, will allow persons with legal power of attorney to access your accounts, and they post instructions on how to do so. Other sites, such as Facebook, will put your accounts into a "memorial state." Many sites, however, will terminate and permanently delete your accounts upon notification of your death. You should read and understand all terms of service and make any necessary legal arrangements so your heirs will have access to your accounts.

Note: On the flip side, you may have certain private accounts to which you want to ensure that no one is given access and which will be terminated immediately upon your death.