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YOUR MONEY MANAGEMENT NEWSLETTER

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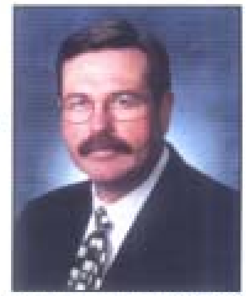

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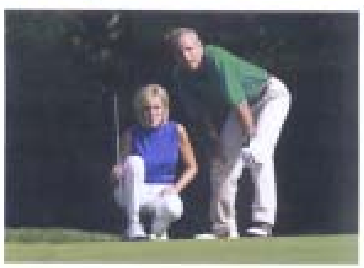
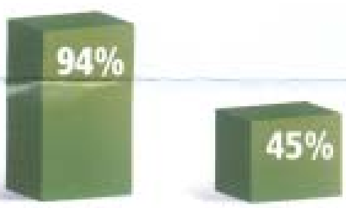
*Snap*SHOTS



DON'T IGNORE THE SCORE

Far more golfers have their eyes on the course than on their investments.



Source: *Journal of Financial Planning*, January 2006

Up FRONT

95% of Americans are confident that they would not encounter legal trouble if they were audited by the IRS.

Source: Netscape, 2008

Quick HITS

The price of crude oil rose 57% in 2007.[1]

At the beginning of 2008, Americans had more than half a trillion dollars invested in exchange-traded funds.[2]

More than 94% of Americans with mortgages meet their monthly obligations.[3]

8.3 million U.S. adults were victims of identity theft in 2005 (latest data available).[4]

The number of Americans who are confident in their ability to afford a comfortable retirement is at a seven-year low.[5]

Sources:
1) *Journal of Financial Planning*, March 2008
2) Investment Company Institute, 2008
3) *Investor's Business Daily*, March 25, 2008
4) Federal Trade Commission, 2007
5) Employee Benefit Research Institute, 2008

WORKING WITH YOU TO HELP ASSURE YOUR FINANCIAL SECURITY

Beat the Big Three
"WHAT IF's"

In 2007, the price of oil rose an astounding 57%.[1] A lending crisis brought one of Wall Street's venerable investment banks to its knees. Inflation jumped above 4% for the first time in nearly two decades.[2]

What do these events have in common? They were largely unexpected. Let them serve as a reminder that other unexpected events are lurking out there, waiting for their time in the sun.

As you work toward your financial goals, have you considered whether you are also preparing for the unexpected? Taxes, inflation, and medical costs — among other factors — could have an unanticipated effect on your retirement. There may be little you can do to combat them once you are no longer working.

What if medical costs are more than anticipated? It is becoming increasingly common for people to retire without the benefit of employer-sponsored health insurance. In 2006, just 19% of employers with 500 or more employees offered health benefits to Medicare-eligible retirees, down from 40% in 1993.[3] Without employer health insurance, a 65-year-old couple retiring this year will need an estimated $225,000 to cover their medical expenses in retirement.[4]

What if inflation is higher than you anticipated? Looking at the 2.7% average annual inflation rate of the past 10 years could make you forget how dangerous inflation can be. But inflation made a serious comeback in 2007, rising to 4.1%, which is more in line with the 30-year average of 4.2%.[5]

What if taxes go up? Current tax rates are low by historical standards, but the nation is facing huge obligations to Medicare and Social Security. Congress so far has quashed any effort to make permanent the lower tax rates passed in 2001 and 2003, making it seem more likely that it will allow higher taxes in order to help meet the country's obligations.

If you don't know how you would react to these or other unexpected developments, it might be time to evaluate whether your long-term strategy is underestimating the potential effects of taxes, inflation, and medical costs. A review could help determine whether you are still contributing enough money to meet your goals, whether your risk level is appropriate, and whether your asset allocation needs to be adjusted.

Obviously, there's no way to forecast the future. The best approach may be to slightly overestimate what it will take to achieve the retirement of your dreams.

1) *Journal of Financial Planning*, March 2008
2, 5) Thomson Financial, 2008 (consumer price index for the periods 12/31/1997 to 12/31/2007 and 12/31/1977 to 12/31/2007)
3) Employee Benefit Research Institute, 2007
4) *InvestmentNews*, March 17, 2008

What Could Happen in 2011?

The 2001 and 2003 tax cuts are slated to expire after 2010. Comparing current tax rates with pre-2001 rates could serve as a glimpse of the 2011 tax landscape.

Federal income taxes

	Single filers		Married filing jointly	
Income	1999	2008	1999	2008
$ 50,000	$ 7,263	$ 6,606	$ 5,085	$ 4,013
$ 75,000	$14,263	$12,856	$ 9,427	$ 7,763
$125,000	$29,379	$26,472	$23,427	$19,463

Federal income tax liability for taxpayers who take the standard deduction and have no dependents (does not account for the alternative minimum tax). Amounts are rounded to the nearest dollar.

Source: Tax Foundation, 2008

What to Know About
EXCHANGE-TRADED FUNDS

Exchange-traded funds have been around for almost two decades, but they are just now coming into the mainstream. In 2007, 290 new ETFs were created, nearly doubling the existing market.[1] At the beginning of 2008, Americans had more than half a trillion dollars invested in ETFs.[2]

The first step toward determining whether ETFs may be appropriate for your portfolio is to learn how they work and why they are becoming so popular.

A STOCK? A MUTUAL FUND? NO, IT'S AN ETF

An ETF is a portfolio of securities that is assembled by an investment company and sold in shares that trade like stock. The underlying securities typically track an index, sector, or other group of stocks. ETF share prices can fluctuate throughout the trading day, making an ETF more like a share of stock than a mutual fund.

The value of an ETF may be only loosely related to the value of the underlying securities. Supply and demand for the shares themselves may cause them to trade at a premium or discount relative to the value of the underlying shares, although their prices tend to track the underlying value most of the time. The principal value of exchange-traded funds will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

WHY SO POPULAR?

ETFs allow investors to target almost any index, sector, country, or other specific market segment and still achieve a level of diversification that might be too expensive to achieve solely with individual stocks. This ability to be so selective can help investors structure portfolios that better fit their style allocations.

Because they are passively managed, ETFs tend to offer lower expense ratios and greater tax efficiency. There are no sales loads or minimum investment amounts, but investors typically need a broker to buy ETFs and therefore must pay a commission.

ETFs are not for everyone. The only way to determine whether they may be appropriate for you is to consider them in light of your goals and circumstances. Call us if you are ready to learn more about exchange-traded funds.

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) *Journal of Financial Planning,* March 2008
2) Investment Company Institute, 2008

How ETFs Work

The investment company buys stocks that track an index or a sector...

...builds a portfolio that is divided into shares...

... then the shares are sold on a stock exchange.

Stay Off the **PHISHING HOOK**

What does the IRS list as the number-one scam of concern to taxpayers? (Hint: It's not taxes.)

In the run-up to this year's April 15 tax deadline, taxpayers forwarded more than 33,000 phishing scam e-mails to the IRS, causing the agency to put phishing at the top of its annual list of scams of concern to taxpayers.[1]

Although tax time is prime time for identity theft, don't think the threat is any less insidious when April 15 is the last thing on your mind. The world is full of con artists seeking to use the Internet year-round to trick you into revealing personal information that they can use for fraudulent purposes.

KEEP IT TO YOURSELF

When identity theft takes place over the Internet, it's generally referred to as *phishing*, a word derived from "password harvesting fishing" and the idea that the perpetrator is "fishing" for information. A typical scenario involves a seemingly authentic e-mail, purportedly from a bank, creditor, or the IRS, asking the recipient to verify account information. Internet users who respond with the requested information are actually giving thieves the tools to access their online accounts.

The following tips can help you spot some common phishing expeditions.

- Never respond to unsolicited requests for account information.
- Don't follow links sent to you via e-mail to access your accounts. Instead, go directly to the account provider's secure Web site.
- Check your account regularly to look for suspicious activity.
- Be suspicious of poor spelling and grammar in the subject line or message.
- Watch out for Web addresses that contain a familiar company name but also have a dash or underscore in the address.

1) *InvestmentNews*, March 24, 2008

Name Games

There were 8.3 million American adult victims of identity theft in 2005 (latest data available). Here's a breakdown of the types of crimes committed in their names.

3.2 million experienced misuse of their existing credit-card accounts.

3.3 million experienced misuse of their existing non–credit-card accounts.

1.8 million discovered new accounts were opened or other fraud was committed using their stolen identities.

Source: Federal Trade Commission, 2007

Are you concerned about how taxes, inflation, and medical costs could affect your financial future? We can help you prepare to tackle these challenges.

Tom Goode