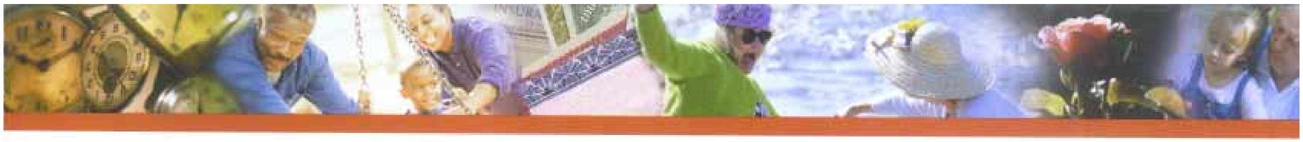


JUNE 2007

Golden Strategies®

A Practical Financial Guide to Your Retirement

PROFESSIONAL PLANNING GROUP
1 Alton Road, Suite C • Albany, NY 12203
(518) 869-0498 • Fax (518) 869-0499
E-mail: planman@ae.cadaretgrant.com

Thomas R. Lovell, MS CFP®
License #LA-679651 (New York)

The Savings Scare That Wasn't

Recently, the Commerce Department reported that the 2006 personal savings rate for Americans was –1%.[1] This report was met by media doomsayers who warned that the savings rate has been negative for an entire year only four times in history: 1932, 1933, 2005, and 2006.[2]

Although some economists and media outlets paint a picture of a looming savings crisis, with close to 80 million baby boomers on the cusp of retirement, you may find that the nation's personal savings rate isn't all that important.

The personal savings rate is calculated by taking disposable personal income (income after taxes are taken out) and subtracting the amount of outlays or spending. This simple calculation would seem to reveal that people spent more than they made in 2006. However, it is important to consider what this formula does not account for.

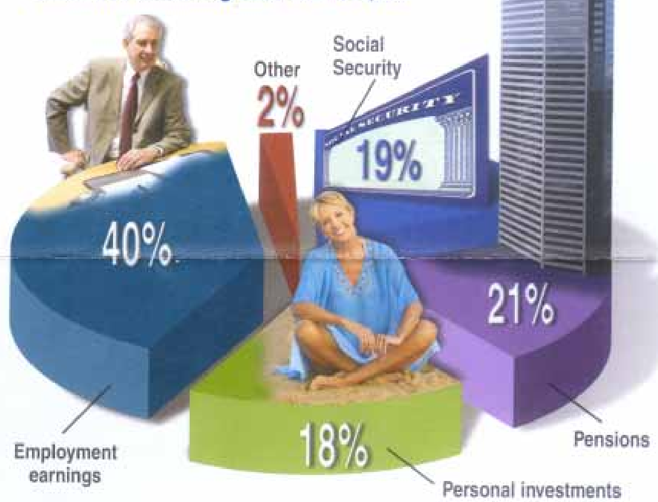
Save Up and Be Counted

Because the personal savings rate uses after-tax money in the calculation, it doesn't account for contributions to employer-sponsored retirement plans, such as the 401(k), which are funded with pre-tax contributions. Last year, you could have invested a maximum of $15,000 ($20,000

(continued on page 2)

Retirement Income Sources

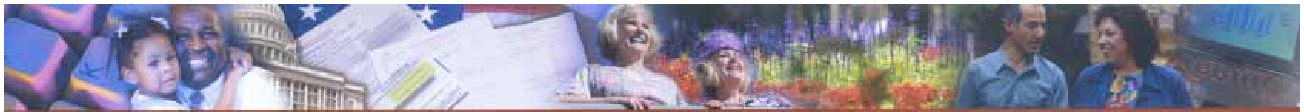
Sources of income for individuals aged 65 and older with incomes greater than $44,129



Source: *Income of the Population 55 or Older, 2004*, Social Security Administration, 2006

WORKING WITH YOU TO HELP ASSURE YOUR FINANCIAL SECURITY

GSV07N06



The Savings Scare That Wasn't

(continued from page 1)

for people aged 50 and older). In fact, by the end of 2005, 401(k) and similar savings plans had assets totaling around $3.2 trillion.[3]

Also not included in the personal savings rate are other important gauges of personal savings, such as capital gains on stocks and real estate, equity in private businesses, and the gains from mortgage refinancing. These sums are often invested. In fact, the personal savings rate considers mortgage payments as an outlay, ignoring the importance of the value of your home.

In the end, despite how useful figures like the personal savings rate may or may not be, your own retirement hinges on *your* savings and investments. It is important for you to determine how much you need to fund the retirement lifestyle you desire and to set your savings goals accordingly.

It's easy to be an alarmist about the nation's personal savings rate, but much better to take a disciplined approach to your own retirement savings. To discuss your personal savings progress, please call today.

1–2) Associated Press, February 1, 2007
3) *Investor's Business Daily*, February 2, 2007

It's Time to Withdraw

About $3.7 trillion is invested in individual retirement accounts (IRAs).[1] Perhaps some of it is yours.

You've worked hard throughout your career building a healthy retirement savings account and now you're preparing to take money out. However, there are many complicated rules regarding IRA withdrawals. People frequently ask the following questions about taking distributions from IRAs.

What is the difference between a "distribution" and a "withdrawal"?

Both generally refer to the action of taking money out of your retirement plan. There may be subtle differences, but semantics should take a back seat to making sure that your distributions follow the rules and avoid unnecessary taxes and penalties.

When can I start taking distributions from a traditional IRA without incurring a penalty?

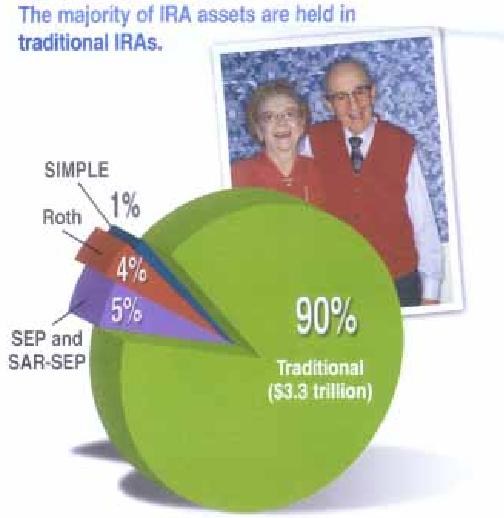
Distributions taken prior to reaching age 59½ are subject to a 10% federal income tax penalty. Traditional IRA distributions are taxed as ordinary income.

When do I have to start taking distributions?

Required minimum distributions must begin after reaching age 70½. The required beginning date is no later than April 1 of the year after the year in which you reach age 70½. Failure to withdraw the minimum annual distribution will trigger a 50% income tax penalty on the amount that should have been withdrawn.

Traditional Values

The majority of IRA assets are held in traditional IRAs.



Source: Investment Company Institute, July 2006

What about Roth distributions?

You do not have to take minimum distributions from a Roth IRA at any time during your lifetime. Withdrawals of Roth IRA contributions can be made at any time without taxes or penalties. To qualify for a tax-free and penalty-free withdrawal of earnings, the account must be in place for at least five tax years and the distribution must take place after age 59½ or due to death, disability, or a first-time home purchase (up to a $10,000 lifetime maximum).

Navigating the regulations for retirement plan withdrawals can be tough. Please call if you have any questions about IRA distributions.

1) *The Wall Street Journal*, February 6, 2007

Review and Adjust Coverage to Meet Your Needs

Change is a fundamental part of life. Some changes, such as the birth of a child and a new financial opportunity, can be exciting. Other changes, such as the loss of a loved one, can be painful. As these changes occur, it is important to consider how they affect your life insurance requirements.

You should review your life insurance policy on a regular basis to make sure that it hasn't become out-of-date. The following life changes could affect your policy and would be a reason to consider updating your coverage.

Empty Nest

As your children grow up and leave home, they may become less dependent on your income. You might begin to consider your life insurance policy as more of a legacy than a safety net. The death benefit can also be used to help your heirs pay any taxes on your estate and help cover other final expenses.

New Digs

If you purchased a new home since you bought your life insurance policy, you might want to consider increasing your coverage if your spouse would have a hard time covering a higher mortgage payment in your absence.

Branching Out

Marriage, divorce, birth, death, and other life changes might be a good reason to update your coverage to reflect the way you want your death benefit to be distributed. During these times, people often remember to revise their wills, but neglect to change their life insurance policies.

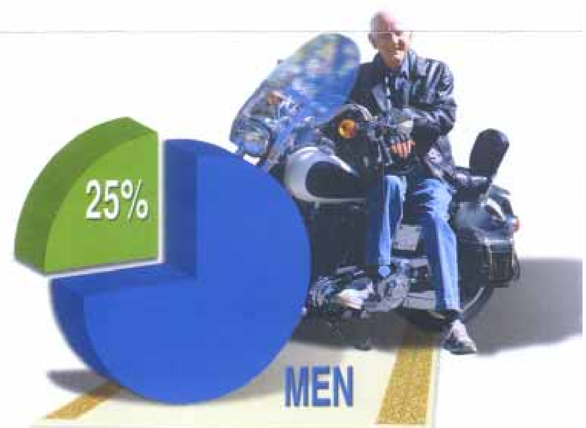
Remember that the cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

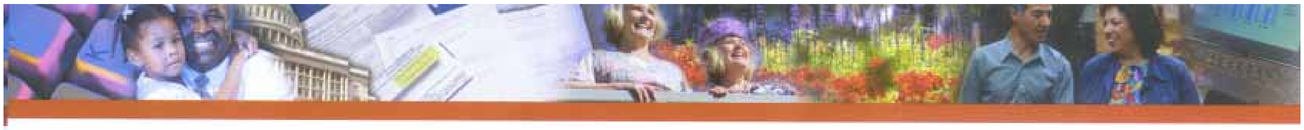
You want your life insurance to be there for your loved ones after you are gone. Remember to review your policy on a regular basis and keep it up-to-date.

Get a Life (Insurance Policy)

A significant number of men (25%) and women (33%) have no life insurance coverage at all.



Source: LIMRA, January 2006



FINANCIAL FUNDAMENTALS

Check Your Credit Score

Roughly 70% of Americans fail to pay off their credit-card balances in full each month. There has also been a significant rise in the number of consumers facing interest rates over 25%, possibly as a result of late payments or exceeding credit limits.[1] Do you know how these and other credit situations affect your credit rating?

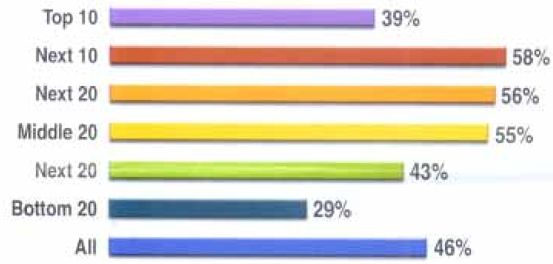
Knowing your credit score and understanding its significance are important because the number can directly affect the interest rates you pay for mortgages, car loans, and credit cards.

The first step to maintaining solid credit is staying informed. You can keep track of your credit history by requesting a free copy of your credit report at *www.annualcreditreport.com*. All consumers are entitled to one free credit report a year from each of the national credit-reporting agencies — Equifax, Experian, and TransUnion.

The exact formula used in calculating your credit score remains a mystery, but there are several important factors to be aware of. Payment history is probably the most important factor. A single late payment can have a negative effect on your credit. Consider setting up automatic payments that can be withdrawn directly from your bank account.

In Debt

Percent of households in each income percentile holding credit-card debt, 2004



Source: *The Wall Street Journal*, January 25, 2007

The amount of credit you use is also a consideration. High balances on credit cards carried over month after month can lower your credit score. You should generally keep a debt load that is well below your credit limit.

Your credit score may be one of the most important numbers of your financial life. Stay informed and use your knowledge to help improve your financial situation.

1) *The Wall Street Journal*, January 25, 2007

How would you rate your personal savings? If you have questions regarding funding your retirement, please call to discuss strategies to help pursue a comfortable retirement lifestyle.

For help with your financial decisions,