

April 10, 2002

Dear clients,

Greetings once again! This quarter I want to write about some of the other areas of financial planning, outside of investments, that are very important for most of us. Proper tax, insurance, and estate planning should never be overlooked, and in extreme cases, if not done right, can make the need for effective investment management moot.

Do you have up-to-date and legally valid wills? Do you have living wills, health care proxies, and powers-of-attorney? When you (or your preparer) do your taxes, are you strategizing to make sure that you are paying the least amount of legal tax liability that is due Uncle Sam and your state? How about life insurance? Do you know if you even need it? And if so, how much do you need and what type of policy? And last, the dreaded Long Term Care (LTC) insurance. Do you have a policy? Do you need one? And if a policy may make sense for you, what type is most appropriate for your circumstances?

Although I am not a specialist in any of these non-investment areas of financial planning, it is my job to stay up-to-date and be conversant, and at the very least, help you identify areas and issues that may warrant further attention. Don't worry, I don't sell any insurance products and I receive no monies for referrals, and I won't even pretend to know how to draft a will for you, but I can help you throughout the process by working with your own trusted advisors in these areas or, if you have none, by suggesting other professionals whom you might want to interview.

Why are some of these areas so important? Here are just a very few examples of situations that could occur:

1. If you pass away without a valid will, or without your intended beneficiaries on your life insurance policies, IRAs, or company savings plans, state laws, and not you, will decide how and to whom your hard earned assets are distributed.
2. Many people significantly overpay their income taxes every year for no other reason that they fail to strategize. In this day and age of computers, filing a neat and accurate return is a given. If you use one, make sure your preparer earns his/her keep by actively and aggressively looking for all legal ways to lower your taxes. If your preparer just takes your information and prepares your return with no questions, think about whether you're getting a good value for the fee you are paying.
3. If you are married, and your spouse (God forbid) needs to go into a nursing home how will you pay for it? You could face the awful situation of being forced to rapidly deplete your retirement nest egg to pay for the very expensive care that your loved one needs. This is no fun to think about but it does happen.

As always, thank you for your trust and confidence, and please call me anytime if you would like to discuss your financial planning issues and concerns. Best regards always!

