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FINANCIAL*ink*®

Your Money Management Newsletter

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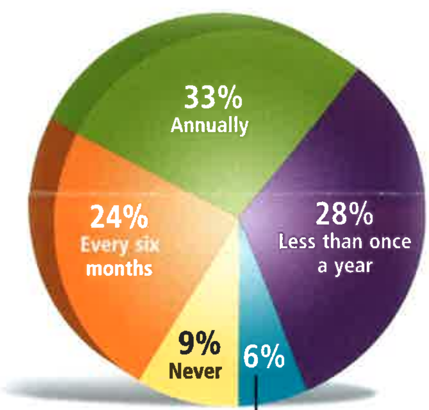
*Snap*SHOTS

ON BALANCING

How often do investor households rebalance their portfolios?



Source: *Consumer Reports Money Adviser,* June 2010

Up FRONT

61%

Percentage of Americans (age 18 to 34) who believe that the best stock market opportunities over the next 10 years will lie outside the United States.

Source: *Journal of Financial Planning,* June 2010

Quick HITS

One year ago, 63% of Americans said they wanted to save more money in 2010.[1]

Fifty-five percent of Americans say their greatest concern about long-term care is becoming a burden on their families.[2]

New federal rules for gift cards ban inactivity and service fees for at least one year after issuance.[3]

Single people account for 35% of all consumer spending (2008 data, most current available).[4]

Between 2001 and 2007, the average jury award for all liability cases increased by almost 62%.[5]

Sources:
1) *U.S. News & World Report,* December 24, 2009
2) *Journal of Financial Planning,* June 2010
3) *Consumer Reports Money Adviser,* June 2010
4) *Brandweek,* April 19, 2010
5) Insurance Information Institute, 2010

Practical insights for your **FINANCIAL GOALS**

Four Steps to Get Your Finances Ready
FOR THE NEW YEAR

About one year ago, 63% of Americans told pollsters they had resolved to improve their personal finances in 2010. In fact, saving money beat the usual self-improvements: exercising more, eating less, losing weight. The only resolution that rated higher than personal financial improvement was finding ways to relax and reduce stress.[1]

It's not clear how well Americans fared with saving more money (the personal saving rate remained fairly level for the first half of the year).[2] But these steps may help improve your financial situation *and* reduce stress before the new year arrives.

REBALANCE AND REALLOCATE

It's likely that some of your investments have performed at different rates over the past year, possibly leaving your portfolio overexposed to one asset class and underexposed to another. The process of rebalancing involves buying and selling securities to restore your portfolio to your target asset allocation. And if it's been a while since you reviewed your asset allocation, now might be a good time to determine whether you need to shift your strategy. Asset allocation does not guarantee against loss; it is a method to help manage investment risk.

REVISIT YOUR BENEFICIARIES

Are the people you have designated as the beneficiaries on your life insurance policies and retirement accounts still the ones you would like to see inherit these assets? Reviewing your beneficiary designations can help ensure that your intended heirs receive these assets. It's especially important to revisit your beneficiary designations after a marriage, birth, divorce, or death in the family.

CHECK YOUR CREDIT REPORT

Because identity theft is a growth industry, it's wise to check your credit report for evidence of fraud or any inaccuracies that may affect your creditworthiness. The three major credit reporting agencies are required by law to provide you with a free credit report once a year. Log on to *www.annualcreditreport.com.*

CONSIDER YOUR TAXES

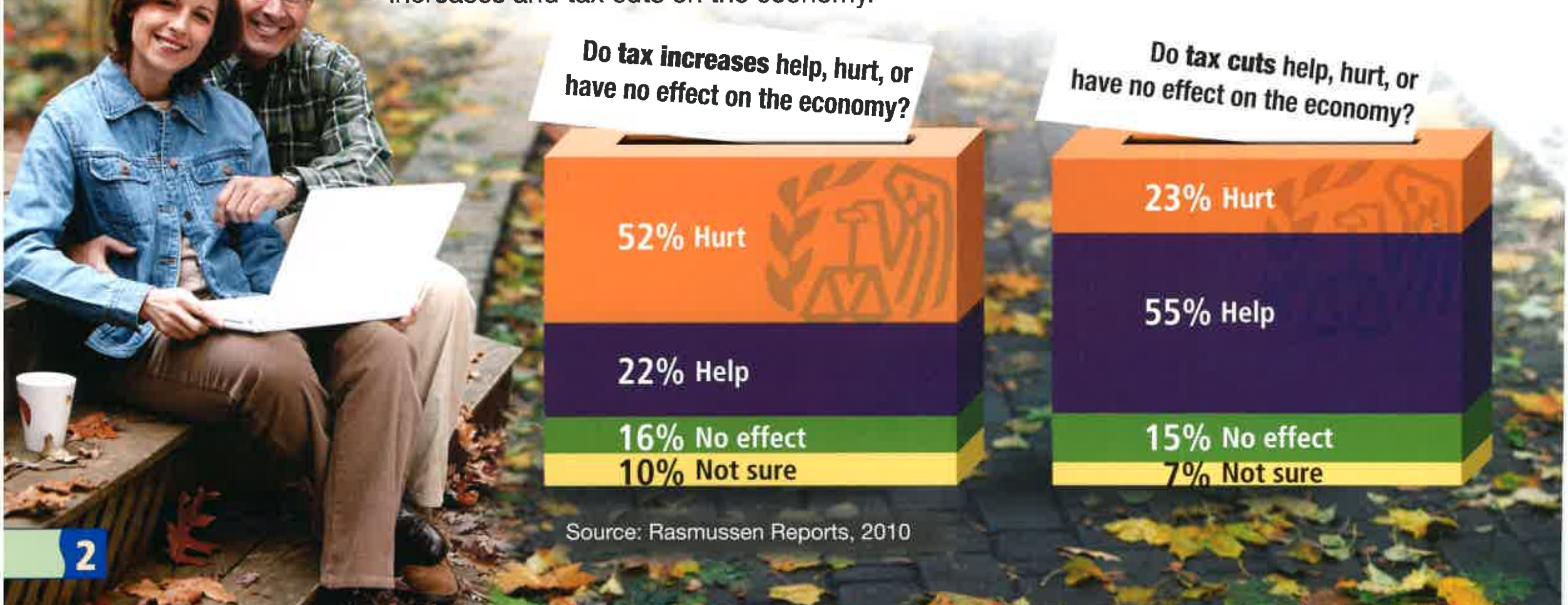
Reductions in tax rates on income, capital gains, dividends, and inherited assets (adopted by Congress in 2001 and 2003) had a December 31, 2010, expiration date. Because of the ever-changing tax landscape, this is a good time to reconsider some of your financial decisions, such as whether to realize capital gains, reevaluate the role of dividend-paying stocks in your portfolio, boost your contributions to tax-deferred accounts, and alter the timing of bonuses and tax payments.

You may not be able to perform these tasks on your own. We can help.

1) *U.S. News & World Report,* December 24, 2009
2) Haver Analytics, 2010

Tax Policies and Taxpayers

Here's how "likely voters" responded to survey questions about the effects of tax increases and tax cuts on the economy.



Source: Rasmussen Reports, 2010

COVERAGE *Like an Umbrella*

If you are like most people, you have some liability insurance coverage through your homeowners and automobile policies. But have your coverage limits kept pace with your exposure to risk? Are you making more money, living in a more expensive home, or holding more assets than you were a decade ago? Even if your income and net worth haven't increased significantly over the past 10 years, consider this: Between 2001 and 2007, the average jury award for all liability cases increased by almost 62%.[1]

Although the risk of being hit with a multimillion-dollar judgment in a personal injury case is fairly low, so is the cost of owning adequate protection. An umbrella liability insurance policy may help add an extra layer of insurance coverage to your current risk-management strategy without significantly higher premiums.

FOR A RAINY DAY

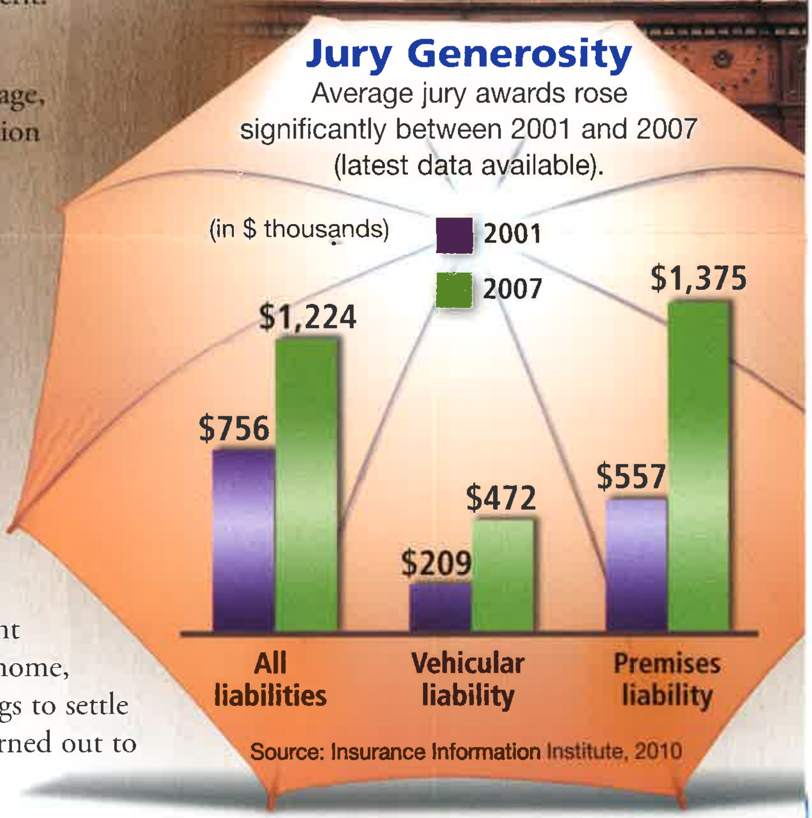
An umbrella liability insurance policy is designed to supplement your auto and homeowners policies. If your obligations to a plaintiff exceed the limits of these primary policies, the umbrella policy can help pay the difference, up to the policy limits. Umbrella policies typically charge a few hundred dollars a year for $1 million of coverage. The benefits can be used to help pay jury awards, plaintiff medical expenses, and legal fees — even to defend against a lawsuit that has no merit.

ARE YOU AT RISK?

Not everyone needs $1 million or more in liability coverage, but this short quiz may help determine whether your situation calls for it.

- Do you have teenagers (especially teens who drive) living at home?
- Do you employ workers in your home?
- Do you have a swimming pool?
- Do you entertain frequently in your home?
- Do you have a substantial net worth and/or income?
- Do you serve on a board of directors of an organization that does not indemnify you against accusations of libel and slander?

If you answered yes to one or more of these questions, it may be time to conduct a review of your risk-management strategy to help ensure that you wouldn't have to sell your home, cash in your retirement portfolio, or use your future earnings to settle a liability claim because your current insurance coverage turned out to be inadequate.



1) Insurance Information Institute, 2010

Do You Know **ROTH?**

The Roth IRA has gotten plenty of attention this year thanks to new rules that allow people of all incomes to convert tax-deferred retirement assets to this important retirement savings vehicle. See how much you know about Roth IRA conversions.

1. There is no need to make new beneficiary designations after converting assets to a Roth IRA.

   a. True **b. False**

2. Individuals who make a Roth IRA conversion in 2010 have the option of paying half the income taxes in 2011 and the rest in 2012.

   a. True **b. False**

3. The deadline for making a Roth IRA conversion in the 2010 tax year is ________.

   a. April 15, 2011
   b. October 15, 2010
   c. December 31, 2010

4. You must be at least 59½ years old to convert a traditional IRA to a Roth IRA.

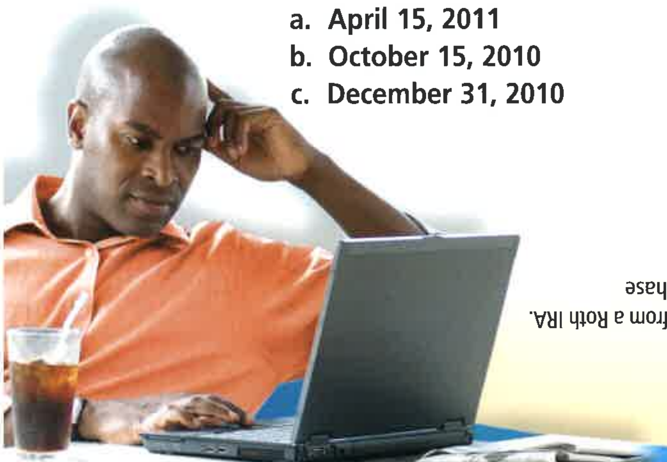
   a. True **b. False**

5. A Roth IRA must meet a ______-year holding requirement before the owner can qualify for tax-free and penalty-free withdrawals of earnings.

   a. one **b. three** **c. five**

6. A taxpayer who converts a traditional IRA to a Roth IRA in 2010 has the option to undo or recharacterize the conversion as long as he or she does so ________.

   a. within six months
   b. within one year
   c. by October 15, 2011



ANSWERS:
1. **b. False.** A conversion generally involves setting up a new account.
2. **a. True.** This option applies to 2010 conversions only.
3. **c. December 31, 2010.**
4. **b. False.** You must be at least 59½ to qualify for the tax-free, penalty-free withdrawal of earnings from a Roth IRA.
5. **c. five.** Exceptions apply in the case of the owner's death, disability, or first-time home purchase ($10,000 lifetime maximum).
6. **c. by October 15, 2011.**

Are there steps you need to take before the end of the year to help achieve your financial goals? Call today to schedule time for a review of your options.

Working toward a better financial future,