

FINANCIAL & ESTATE PLANNING 2006

Insights from Leading Financial and Legal Advisors

To read the full report and related information, go to the link listed below or visit www.Finance-Insights.com

Wealth Management: A Holistic Approach

Gone are the days when advisors, operating in separate disciplines, offer the most advantageous way to handle financial planning. Financial planning is complex. To do it right, you should consider a cross-disciplinary approach. Just as a Chief Financial Officer pulls together financials for a business, the use of a Wealth Management Officer can do the same for you.

A holistic plan encompasses all family affairs - investments, risks, insurance, taxes, estates, retirement, cash and credit management, fiduciaries, trusts and wills. The traditional planning approach may accidentally bypass one of these crucial tools, leaving planning to chance.

Selecting an advisor is critical, yet it's surprising how little time is spent on the decision. The typical advisor preparing a needs analysis only considers an accumulation plan. A correctly allocated portfolio of stocks or bonds is just the starting point. Insurance, alternative investments and credit are also essential tools. Asset transfer protection from taxes through trusts is another necessity.

These planning tools work well together, but each has a cost. Understanding your advisor's compensation plan is extremely important. Stockbrokers are paid commissions from transaction-based products. Alternatively, bank-based or

Independent Trust Officers, Certified Financial Planners (CFPs) or Registered Investment Advisors (RIAs) impose a percentage fee, based on amount of assets managed.

Clearly, crafting a quality financial plan is an art. Many institutions and professionals provide financial services. Yet few successfully integrate them into a wealth management offering. You need a Wealth Management specialist who takes the time to get to know you and your circumstances, and who assembles the appropriate combination of vehicles to achieve your goals. If you haven't already, consider using an independent Trust Company who employs a Personal Trust Officer backed by a team of in-house accountants, attorneys and CFPs to guide you through the complexities of financial planning.

To read the full report, go to www.finance-insights/reliance.asp



Reliance Trust Company is one of the largest independent trust companies in the country with more than \$36 billion in assets under management and administration. Our services are driven by a single priority - the integrated financial management needs of clients. Reliance offers an array of wealth management, investment, insurance, trust and asset management services to individuals, corporations and institutions, as well as to other banks, brokerage firms and insurance companies. www.refico.com

Asset Allocation: Growing Your Bond Portfolio

One of the most important aspects of total return for investors is asset allocation. Many investors will purchase bonds for generating income. However, during periods of rising interest rates, they can damage the total return if you don't have a defined strategy within your investment policy.

When creating an investment policy, determining how much money you will need for maintaining your lifestyle is the place to start. The first step is to look at the most conservative asset class i.e. insured municipal bonds. Once conservative allocations are decided upon, we move

into riskier classes such as corporate bonds, equities or limited partnerships.

Fixed income securities tend to be viewed as more conservative investments. During a low

"...determining how much money you will need for maintaining your lifestyle is the place to start."

interest rate environment, investors should purchase bonds that have short duration and higher coupons. As interest rates begin to go up, investors tend to become nervous and often will

trade out of a short duration premium bonds thinking they are protecting their cash flow. In fact, these bonds have a higher cash flow, which will offset the negative effects of higher interest rates. The focus of this strategy should be on taking the higher cash flow and reinvesting into new higher yielding securities thereby increasing the total value of the account.

Most individual investors seek higher yields when rates are low and don't focus on the total return. This causes the portfolio's risk to increase, as investors hunt for higher yield and lower credit quality securities at the very time they should be reducing risk. Remember the old Wall Street saying: return of principal is more important than return on principal.

To read the full report, go to www.finance-insights/fogel.asp



Fogel Capital Management, Inc. is a full service Registered Investment Advisory firm with a traditional approach to money management. Fogel Capital Management, Inc. is appointed by the New York State Supreme Court for the management of Trusts and Guardianships. Michael Fogel, Chief Investment Officer • 800.524.9175 • www.fogelcapital.com

FINANCIAL & ESTATE PLANNING 2006

For in-depth reports on these and other financial topics, visit www.finance-insights.com



To read the full report and related information, go to the link listed below or visit www.Finance-Insights.com

Roth IRAs Open To Wealthy Tax Act Removes Limits In 2010

Many wealthy individuals, with yearly income in excess of \$160,000 who are eligible to participate in work retirement plans, have been ineligible for Roth IRAs and have generally shunned the alternative -- traditional IRAs. The time has come to re-evaluate the IRA option.

Starting in 2010, the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) removes income limits for conversions from traditional to Roth IRAs. Under current law, only individuals earning less than \$100,000 in adjusted gross income may

convert traditional IRAs to tax-free Roth IRAs. Between now and 2010, investors might consider making contributions to traditional IRAs -- whether deductible or non-deductible -- and then converting to Roth IRAs in 2010.

Upon conversion, the IRA owner must treat earnings and pre-tax contributions as taxable ordinary income and pay an immediate tax. TIPRA minimizes the initial tax bite by allowing investors to report one half of the conversion as income in 2011 with the balance reported in 2012.

Roth IRAs are popular because they allow investors to avoid paying taxes on the earnings when the money is withdrawn, and because investors are not required to take minimum distributions at age 70 1/2, as they would be with traditional IRAs. In addition, when inheriting a traditional IRA, beneficiaries may pay estate taxes and withdrawals are subject to income taxes. With a Roth IRA, heirs may owe estate taxes, but the income tax bill is gone.

The IRA conversion may prove to be a significant investment opportunity; however, this vehicle may not be appropriate for all investors. For more information about how TIPRA may affect your unique investment strategy, please contact your financial consultant.

To read the full report, go to www.finance-insights/stephens.asp

Stephens Inc.
Private Client Group

Stephens Inc. is an investment banking firm; Private Client Group provides wealth management services for individuals. Call 800-643-9691; www.stephens.com. The article was prepared for informative purposes as of its stated date and is not a solicitation/offer to buy/sell securities. We consider the source information reliable, although not independently verified. We do not guarantee its accuracy or completeness. Neither Stephens Inc. nor its representatives provide legal or tax advice. Consult your tax advisor before making decisions.

Alternative Asset Classes to the Stock Market

A traditional investment portfolio is comprised of a combination of vehicles, most commonly stocks, bonds, cash and mutual funds. In today's environment of volatile stock markets and rising interest rates, alternative, non-traditional asset classes may provide the balance needed to increase a portfolio's performance and increase current income while decreasing the "roller coaster ride" the stock and bond market has given many of us of late. In the balance of this article, we will explore several different types of "alternative asset classes" and why they can

be ingredients in today's successful investment portfolio.

Asset allocation has long been recognized as the primary tool used to build a diversified portfolio. This is the task of figuring out how much of your portfolio will be invested in each of several different "asset classes". It is commonly believed that up to 90% of the return of an investment portfolio depends on the "asset class" rather than the specific individual investment.

Each asset class will generally have different levels of return and risk. They also

behave differently. At the time one asset is increasing in value, another may be decreasing or not increasing as much and vice versa. This is called "correlation". Since alternative asset classes tend to be negatively correlated or have no correlation to the traditional asset classes like stocks and bonds they are impacted differently by economic and political events and their returns may not move in the same direction.

Additionally, many alternative asset classes are tax-favored and may generate current cash flow. In the remainder of this article, we will explore some alternative asset classes.

To read the full report, go to www.finance-insights/carnegie.asp



Carnegie Wealth Strategies, LTD. is a financial planning and investment advisory firm founded in 1986 and based in Atlanta, GA. Carnegie develops financial strategies for businesses, retirement plans, and high net-worth individuals. Carnegie's greatest strength comes from the knowledge and dedication of their team composed of Donna W. Howell, JD, LLM, President and Founder, along with Ed Krakovsky, Vice President and Michael Sloan, Vice President. Call 404-231-9230 ext 113 for a complimentary consultation.