Kensington Times

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They're Cheap Stocks For A Reason!

Everybody loves a bargain, but don't get caught buying some of the cheap deals you find in the stock market these days! You might be enticed to scoop up stocks that have plunged from triple digits to just a few dollars a share. There sure are plenty to choose from.

But just remember, caveat emptor (buyer beware)! Many stocks have probably dropped so low for a reason and not just because of the general loss of confidence in corporate America. "They are so deeply depressed because the viability of their companies is in question," said J. Randall Woolridge, professor of finance at the Smeal College of Business at Penn State University. "It will be tough for most to ever recover."

There is a glut of stocks now trading below $5 a share, thrusting them into a category that financial advisors call penny stocks. In the past, penny stocks were generally shares of small, speculative companies that were virtually unknown to most investors. Regulators long cautioned that putting money into them was too risky.

But the recent bear market has pushed many stocks down to penny status. Once deemed unstoppable, as their prices soared higher during Wall Street's boom, many now cost less than a burger, fries, and soda.

Those hardest hit include wireless and Internet services company Infospace, which now trades around $4 from a split-adjusted high topping $120 in March 2000. Also off dramatically is software maker Commerce One, which has seen its share price fall from split-adjusted $128 during the boom to about $3 today. It's not that many of these companies didn't deserve to be knocked down from their lofty heights. They had become extremely overvalued even though most weren't profitable and lacked definitive direction for long-term growth.

"The prices are where they are right now because (sic) that's where they belong." said Kumar Venkataran, an assistant professor of finance at the Cox School of Business at Southern Methodist University in Dallas.

Why Use A Financial Consultant?

Dozens of financial magazines, 24-hour business channels, "do-it-yourself" websites and personal financial talk radio shows offer free financial advice on nearly any topic investors are interested. But, who has the time or experience to uncover which ones are best?

That's why so many investors are willing to pay for personalized service from investment professionals. In fact, over two-thirds of all mutual fund assets are sold through financial consultants as opposed to direct-marketed, or "no-load" funds, according to a 1998 study conducted by DALBAR, Inc., a leading provider of analytical information for the financial services industry.

A Sounding Board & Personal Tutor

Remember that investments are a full-time job, not merely an interest or hobby, for your consultant. They have access to specialized research reports, detailed portfolio and performance data, and sometimes even to fund managers themselves. In short, financial consultants can serve as a valuable educational resource for their clients. Use your advisor as a sounding board for new ideas or as a tutor if you're unsure of a particular investment term or concept.

(continued in "Financial Consultant" on page 6)

Retirement Account Funding Limits

Traditional & Roth IRAs

Tax Years 2002 - 2004

Max Annual Contribution = $3,000

Tax Years 2005 - 2007

Max Annual Contribution = $4,000

2008 and Thereafter

Max Annual Contribution = $5,000

The 2001 Tax Reconciliation Act allows individuals age 50 and over to make catch-up contributions! If an individual has reached the age of 50 before the close of the tax year, the regular contribution limit is increased by $500 for tax years beginning 2002 through 2005, and by $1,000 for tax years beginning in 2006 and after.

Annual Contribution Limit For Taxpayers…

	Under 50	Over 50
2002	$3,000	$3,500
2003	$3,000	$3,500
2004	$3,000	$3,500
2005	$4,000	$4,500
2006	$4,000	$5,000
2007	$4,000	$5,000
2008-	$5,000	$6,000

Please Note: The maximum contribution allowed **cannot exceed** above stated amounts, combined, for both forms of IRAs. For example: If you have a Traditional and separate Roth IRA in the year 2002 and you are under age 50, you may contribute $1,500 to the Traditional IRA and $1,500 to the Roth IRA for a combined total of $3,000.

Education Savings Accounts

After December 31, 2001 —

Maximum annual contribution (from all sources combined = $2,000 *(per child)*.

For more information on retirement accounts please call your Kensington Financial Account Representative at 724.334.1950.

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Insurance Assurance

In the weeks following the attacks on New York City and Washington, D.C., many people spent some time thinking about how to protect their families. One of the ways you do this is through life insurance. Unfortunately, notes J. Robert Hunter of the Consumer Federation of America (CFA), some of us tend to buy first and think later. "People have a tendency to buy life insurance after disasters like these and then drop their policies after a year." That can be an expensive mistake. Before you buy, consider these basic life insurance questions:

- **Do I need it?** If you have a spouse or family that requires your income to meet living expenses, then you need life insurance.
- **How much do I need?** Formulas vary, depending on who you ask. The American Council of Life Insurers recommends five to seven times your annual income. Other experts say 10 times. You need to ask yourself: How much would my family need to live? How many years would they need the money? What big items would I want a policy to cover: college tuition, paying off a mortgage? Multiply the first two answers, then add the third to come up with a number. Adjust for inflation (which has been running 2% - 3% a year). Then subtract the other resources that may be available to your family (Social Security, a group life insurance payout from an employer, liquid investments, etc.), and you have your answer. If you have a spouse who could support the family after some time to gear up, you probably want to purchase a lump sum big enough for your dependants to live on while your spouse finds a job. If, on the other hand, your spouse has never worked, you probably want to have a sum big enough to be invested so it could produce an annuity to support your family.
- **Should I buy term or cash value insurance?** Term insurance is the way to begin, because it is much easier to understand and you get a much better chance of getting a more affordable premium than on a cash value policy. Because it is less expensive, you're more likely to be able to buy enough to meet your needs.
- **What should I look for in a term policy?** Keep an eye out for three things, according to CFA. 1) *A policy of the right length:* A 20-year term with "level premium" (doesn't change) is recommended. 2) *Renewability:* Level premium policies are generally renewable without going through another physical. 3.) *Convertibility:* You want flexibility to exchange a policy for one that offers cash value at a later date.
- **When, if ever, should I convert a term to a cash value policy?** Unlike term, a cash value policy remains in force for your whole life (as long as you pay the premiums). For many, a term policy works because as retirement savings grow and children leave the "family payroll," the need for insurance evaporates. But, if you have a child with a life-long disability, converting to cash value can be a smart move. The same applies if you're in your 60s or 70s and need insurance to cover estate tax liabilities.
- **What is the best way to shop?** Contact your qualified financial advisor at Kensington Financial at 724.334.1950, for more information on rates, policy types & options, and to make an appointment.

Why Smart Money Remains Fully Invested

Some investors like to wait for just the right moment to get into the stock market … and for just the right time to pull their investment out. If that sounds like you, there's something you should know. While you're sitting on the sidelines, some of the market's best single-day performances could slip right past you. Are you so confident in your timing strategy that you're willing to forfeit those gains? Missing even a handful of them could cost you dearly.

Missing 20 Best Days Could Cut Your Return By ½

Let's take a look at the table below… If you had invested a hypothetical $10,000 in the S&P 500 on March 31, 1997, by March 31, 2002, your $10,000 would have grown to $16,236, an avg. annual total return of 10.18%. But suppose during that 5 year period there were times when you decided to get out of the market and, as a result, you missed the 10 best single day performances. In that case, your 10.18% return would have fallen to 1.07%. If you had missed the 20 best, that 10.18% return would have dropped to –5.24%. *Of course, past performance cannot guarantee comparable future results.*

The Penalty for Missing the Market

Trying to time the market can be an inexact—and costly—exercise.
S&P500 Index: March 31, 1997 - March 31, 2002

Source: FactSet Research Systems

Period of Investment	Average Annual Total Return	Growth of $10,000
Fully Invested	10.18%	$16,236
Miss 10 Best Days	1.07%	$10,546
Miss 20 Best Days	-5.24%	$7,639
Miss 30 Best Days	-10.19%	$5,842
Miss 40 Best Days	-14.46%	$4,581
Miss 60 Best Days	-21.68%	$2,947

(continued in "Smart Money" on page 6)

Past Crises Offer Hope For Economy... Warnings To Watch

With stocks sagging, public anger at corporations rising and fear of war growing, what's in store for the economy? Is the U.S. in for a replay of the 1930s, when the economy snapped after a stock market plunge? How about the 1970s when oil shocks battered the economy?

No single example fits today's combination of circumstances. But past epochs yield insights for today. The railroad boom and bust of the 1870s offers the possibility of a happy ending to the telecom glut. The bursting of that earlier financial bubble was followed by a new era of growth. The 1920s are a cautionary tale of how policy maker overconfidence can strangle an economy. The 1970s suggest that productivity counts for more than headline grabbing oil embargoes.

"The economy is constantly feeding us surprises," says former Fed Vice Chair Alan Blinder. "Economists get ideas of what questions to ask by looking at history.

The Gilded Age — In the 1870s, the railroad drove economic expansion and created glittering wealth much as telecom and internet investment did in the 1990s. Intercontinental railroads turned the U.S. into a unified market from coast to coast. Retailers expanded to supply immigrants building the tracks. Land values soared along routes. Cargo that had taken weeks to travel by boat moved in days, a speed-up as revolutionary as the one that networked computers brought in the 1990s. Indeed, telecom lifted the word *trunk-lines* from their railroad forbearers.

The era was riddled with corruption & miscalculation. Rail barons worked political connections to obtain federal land grants. Speculators grew rich & binged on credit. "I wasn't worth 2 cents 2 years ago," a character in Twain's "The Gilded Age" remarks. "Now I owe $2 million."

An 1872 scandal gave early warning of trouble. Owners of Union Pacific RR set up a subsidiary, Credit Mobilier, ostensible to build a line west from Omaha. Its larger purpose was to siphon money through overcharges. Profits went to Union Pacific executives and prominent lawmakers. The executives were grilled in Congress & some lawmakers were censured.

A year later, everything collapsed. An overextended railroad financier, Jay Cooke, declared bankruptcy, setting off a panic on Wall Street; the New York Stock Exchange closed for 10 days and 1/5 of the railroads filed for bankruptcy. The stocks sank by 1/3 between the end of 1873 and middle of 1877. Then the railroads, once again powered by an expansion, this one so explosive that journalists for the first time used the word "Boom" to describe it, says Vanderbilt University historian Jeremy Atack. By 1880, technological gains and better signal systems, were reducing shipping costs. The 1881 arrival of refrigerated rail cars helped create a national meatpacking industry. As demand surged, mothballed railroads cam back into service and more were built.

Today's bankrupt optical fiber networks are as fallow as some railroad tracks were in the 1870s. But the networks still have the potential to be the backbone of a high-speed global system for years to come. "Over the long haul, the predominant costs in (these systems) are acquiring rights of way," says Dale Hatfield, a former chief of engineering at the FCC. "Those costs have already been paid."

What's missing today, as with the railroads then, is sufficient demand. But demand could rise with changes in electronic commerce, medical imaging, entertainment or other technologies that would require super-fast communications.

So one lesson from railroads' history is positive: The bursting of a technology powered financial bubble can obscure the economic power of the technology. A nearly worthless asset today can become the mainstay of an economy tomorrow.

The Great Crash — Over 2 days in late October 1929, the Dow Jones Industrial Average plunged 24.60%. Bad spells were not rare on Wall Street but this one was followed by the Great Depression, which put 1/4 of Americans out of work.

Economists largely blame the Federal Reserve for worsening the downturn by raising interest rates instead of cutting them. But Fed officials thought they were acting wisely. In today's lingo, they were "trying to get ahead of the curve", and the Hoover White House encouraged them.

In 1928, the Fed had raised interest rates to prick what it saw as a speculative bubble. The subsequent stock drop and economic slowing led the Fed to believe mistakenly that it had prevented an even worse outcome. The key to economic stability, they thought, was preserving the gold standard. So to prevent a rush of investors demanding gold for their dollars they raised interest rates in 1931 & '32. These increases strangled the economy.

Sixty years later, the Bank of Japan made a similar miscalculation, pricing a financial bubble and then resisting calls to cut interest rates for fear of producing a new speculative binge. Japan's economy has stagnated for more that a decade.

Most likely the largest lesson of the 1920s is that policy makers aren't as all knowing we might hope. So, what mistakes might the Greenspan Fed be making now that will only be recognized later? Will Greenspan's comforting words that rising home prices aren't a bubble prove faulty? Is the Fed fueling a new round of inflation by keeping rates too low now? Or, on the contrary, might it be underestimating the economy's continuing weakness and not cutting rates enough?

Stagnation in the '70's — The U.S. economy was battered twice in the 1970s by events in the Mid East. The '73 Arab-Israeli war led to an oil embargo of the U.S. by OPEC and a quadrupling of oil prices. Then in '79, oil prices doubled after Iranians overthrew the Shah and took Americans hostage. Both times, the oil shocks spurred inflation in the U.S. and dumped its economy into recession. For the decade, stock prices declined about 40%, taking inflation into account, say researchers at Ibbottson Associates.

Though neither of the oil crises packed the shock of Sept 11, they were major blows to confidence, making Americans wonder if the nation faced more traumas. The future seemed so unsure that in 1979, President Carter warned of a "national sense of paralysis and stagnation and drift."

One reason the oil shocks were so damaging was that they hit an economy that already faced another malady: a decline in the growth of labor productivity. Rising productivity, or out put for each hour of work, permits employers to pay people more without spurring inflation.

It is now (arguably) clear that for two decades starting in 1973, productivity flattened out. Just why is still debated. Economists initially blamed the oil shocks, but productivity also lagged when oil prices came back down after each oil-price jump.

Now stocks are again doing badly and economic growth is sluggish. The economy may take another wallop if a war with Iraq sharply cut the flow of oil or another major terrorist attack undermined consumer and business confidence. But the productivity situation is different today than in the '70s. Since '96, productivity has been rising at brisk levels similar to that of the 1960s. Once again, economists aren't sure of the reason, but the consequences are clear: In 2002, hourly earnings, adjusted for inflation, have grown nearly as fast as in the mid-1960s. The strength in productivity makes the economy more resilient to unexpected shocks. Says Mr. Greenspan: "With the growth of productivity well maintained and inflation pressures largely absent, the foundation for economic expansion has been laid."

How To Survive the Stock Market's Ups and Downs

Since 1900, The Market's 69 Up Years Have Outweighed The 33 Down Years

Worried about the ups and downs in the stock market? Try taking a long-term view instead…

Since 1900, the stock market has posted positive annual returns in **69 years** and has registered ***more than twice as many up years as down years***. Plus, investors have enjoyed double digit returns in 54 out of 69 years and returns **greater than 20% in 38 years** of the 20th century. Of course, past performance can't guarantee comparable future results.

Stock Market… The Good Years

When the market's good, it's been very good. Since 1900, the market has advanced more than two out of every three years—with an average annual gain of 22.46% in up years.

Source: Dow Jones Inc., Ibbottson Associates Inc.

More than 32% Gain		*21—32% Gain*		*10—21% Gain*		*0—10 % Gain*	
1933	53.99%	1950	31.71%	1942	20.34%	1993	9.99%
1954	52.62%	1955	31.56%	1944	19.75%	1992	7.67%
1935	47.67%	1989	31.49%	1972	18.98%	1912	7.60%
1908	46.60%	1938	31.12%	1949	18.79%	1979	6.56%
1928	43.61%	1991	30.55%	1986	18.47%	1956	6.56%
1958	43.36%	1919	30.50%	1979	18.44%	1900	6.55%
1904	41.70%	1925	30.00%	1952	18.37%	1984	6.27%
1905	38.20%	1998	28.58%	1988	16.81%	1947	5.71%
1927	37.49%	1961	26.89%	1964	16.48%	1948	5.50%
1995	37.43%	1924	26.20%	1909	15.00%	1987	5.23%
1975	37.20%	1943	25.90%	1971	14.31%	1970	4.01%
1945	36.44%	1951	24.02%	1921	12.70%	1994	1.31%
1936	33.92%	1967	23.98%	1965	12.45%	1960	0.47%
1997	33.36%	1976	23.84%	1959	11.96%	1902	0.40%
1980	32.42%	1996	23.07%	1926	11.62%	1911	0.40%
1915	32.36%	1963	22.80%	1968	11.06%		
1985	32.16%	1983	22.51%	1918	10.50%		
		1922	21.70%				
		1982	21.41%				
		1999	21.04%				

The chart represents the annual returns of the Dow Jones Industrial Average (the Dow) from 1900 - 1927 and the S&P 500 Index from 1928 - 2001, including reinvestment of dividends and price changes. The stock market is represented by the Dow, a price-weighted average of 30 actively traded, blue-chip stocks. The S&P 500 Index is an unmanaged index considered representative of the U.S. stock market. Performance reflects reinvestment of dividends. An investment cannot be made directly in an index.

Patience Will Help Investors Survive Market Swings

Sure, the market was up roughly, two out of three years since 1900. ***But what about the down years?*** The market's 33 down years averaged –13.18%, but the 69 up years averaged 22.46%. The market downturn in 2000 - 2001 was the first time since 1973 - 1974 with back-to-back down years.

The moral of this story? Over time, the positives have outgained the negatives. So don't look at the bumps in the road—keep an eye on your long-term goals.

Stock Market… The Bad Years

When the market's down, consider it a prime opportunity to buy. During the market's 33 down years since 1900, the average annual loss was 13.18%.

Source: Dow Jones Inc., Ibbottson Associates Inc.

Up to 5% Loss		*5 - 10% Loss*		*10 - 25% Loss*		*25 %+ Loss*	
1939	-0.41%	1914	-5.10%	1966	-10.06%	1974	-26.47%
1953	-0.99%	1977	-7.18%	1913	-10.30%	1920	-32.90%
1934	-1.44%	1946	-8.07%	1957	-10.78%	1937	-35.03%
1906	-1.90%	1932	-8.19%	1941	-11.59%	1907	-37.70%
1990	-3.17%	1929	-8.42%	2001	-11.88%	1931	-43.34%
1923	-3.30%	1969	-8.50%	1973	-14.66%		
1916	-4.20%	1901	-8.70%	1910	-17.90%		
1981	-4.91%	1962	-8.73%	1917	-21.70%		
		2000	-9.11%	1903	-23.60%		
		1940	-9.78%	1930	-24.90%		

Talk To Your Financial Advisor

Contact your qualified financial advisor at Kensington Financial, at 724.334.1950, to take advantage of the long-term potential of equity investing.

Important Notice Regarding Client Privacy — 2002

Maintaining the trust and confidence of our clients is a high priority. That's why we want you to understand how we protect your privacy when we collect and use information about you, and the steps that we take to safeguard that information. This notice is provided to you on behalf of Kensington Financial Services, Inc. ("KFS") and SunAmerica Securities, Inc. ("SAS").

Information We Collect

In connection with providing you with insurance or investment products, financial advice, or other services, we obtain non-public personal information about you, including:

- Information we receive from you on account applications.
- Information received from credit or service bureaus or other third parties.
- Information about transactions with us or others.

Information We Disclose

We will not disclose information regarding you or your accounts with us, except under the following circumstances:

- To your authorized Kensington Financial Advisor and his or her manager,
- To establish or maintain an account with an unaffiliated third party, such as a clearing broker providing services to you and/or KFS/SAS.

(continued in "Privacy Notice" on page 5)

What Is the Real Return on CDs?

One step forward and two steps back. It's a dance that's probably familiar to certificate of deposit (CD) investors. Bank CDs are short-term investments that pay fixed principal and interest but are subject to fluctuating rollover rates and early withdrawal penalties. After figuring in taxes and inflation, many people who entrusted their money to CDs, which are insured by the FDIC for up to $100,000, may have discovered the high cost of stability—years of near negative real returns.

No one plans on losing money when they invest—especially not conservative CD investors. An alternate investment route is to take a long-term approach and invest, at least a portion of assets, in the stock market. Although mutual fund shares, for example, are not insured and their value will vary with market conditions, long-term investing in stocks has historically smoothed out short-term fluctuations and rewarded patient investors with attractive returns. The CD income, shown below, is calculated using the six-month annualized average monthly CD rate reported by the Federal Reserve. Of course, past performance cannot guarantee comparable future results.

How Inflation and Taxes Have Spoiled CD Return Rates

In two of the last 20 years, CDs have earned a negative "real" rate of return. And in nine of the 18 positive years, CDs earned less than a 1% "real" rate of return.

Source: Lipper Inc.

Year	CD Rate	Less Top Federal Tax Rate	Less Inflation	**Real Return After Taxes and Inflation**
1982	13.28%	50.0%	3.87%	**2.66%**
1983	9.65%	50.0%	3.80%	**0.99%**
1984	11.17%	50.0%	3.95%	**1.57%**
1985	8.54%	50.0%	3.77%	**0.48%**
1986	6.70%	50.0%	1.13%	**2.20%**
1987	7.21%	38.5%	4.41%	**0.02%**
1988	8.18%	28.0%	4.42%	**1.41%**
1989	9.46%	28.0%	4.65%	**2.07%**
1990	8.49%	28.0%	6.11%	**0.01%**
1991	6.06%	31.0%	3.06%	**1.08%**
1992	3.82%	31.0%	2.90%	**-0.26%**
1993	3.34%	39.6%	2.75%	**-0.71%**
1994	5.05%	39.6%	2.68%	**0.37%**
1995	6.16%	39.6%	2.54%	**1.15%**
1996	5.61%	39.6%	3.32%	**0.06%**
1997	5.87%	39.6%	1.70%	**1.81%**
1998	5.58%	39.6%	1.61%	**1.73%**
1999	5.59%	39.6%	2.68%	**0.67%**
2000	6.79%	39.6%	3.38%	**0.70%**
2001	3.69%	39.1%	1.70%	**0.54%**

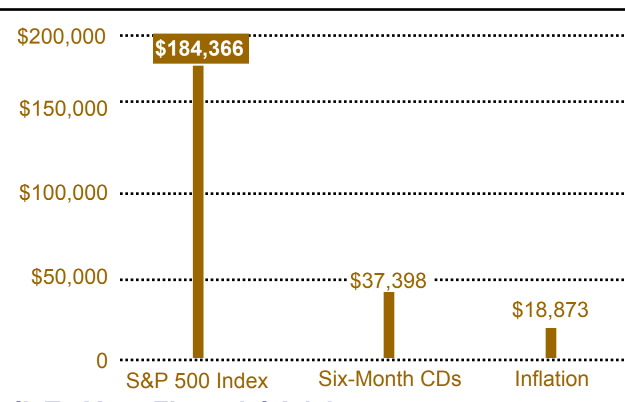
Stock Performance Has Historically Left CDs Behind

Many financial experts offer the same advice: Put you money to work where it has the potential to outpace inflation. The stock market has the best history of accomplishing that goal, as compared to savings accounts, CDs, and other conservative investments.

20-Year Stock Performance Has Towered Above CDs

For stock investors, time has meant greater growth. This chart represents the growth of a $10,000 investment in the S&P 500 Index vs. CDs and inflation for the 20 years ended March 31, 2002.

Sources: Lipper Inc., Ibbottson Associates Inc.



Talk To Your Financial Advisor

To learn more about the potential benefits of equity investing, talk with your qualified Kensington Financial Advisor for assistance, by calling 724.334.1950.

(continued from "Privacy Notice" on page 4)

- To government entities or other third parties in response to subpoenas or other legal process as required by law.
- To SAS parent companies, SunAmerica Inc. and American International Group, Inc., or their affiliates, to the extent permitted by law.

Our Security Policy

Only those individuals who need it to perform their jobs are authorized to have access to confidential client information. We maintain physical, electronic, and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.

Closed or Inactive Accounts

If you decide to close your accounts or become an inactive customer, we will adhere to the privacy policies and practices described in this notice.

For More Information

If you have any questions concerning this privacy notice, please write to us at:

Kensington Financial Services, Inc.
2866 Leechburg Road, Suite #2
Lower Burrell, PA 15068-2538

Talking To Your Teens About Money

If you have teenagers, you know how they can make your money disappear. Last year the nation's 28.5 million adolescents spent nearly $90 billion, according to Teenage Research Unlimited, a Northbrook, Ill. Market research firm.

How can parents get teenagers to listen to money advice?

The truth is, you often won't be able to get them to listen. Money discussions can be extremely frustrating. Don't preach. Just offer advice from time to time, particularly when their spending gets out of hand.

What's the use if they won't listen?

Because somewhere along the line, when peer pressure isn't so strong, they'll heed your advice. Ultimately though, teens learn best from our own examples. If you spend money frivolously, chances are excellent that your kids will too.

What should you try to tell them?

The first step is to communicate openly about your family's financial position—especially regarding college—while your teen is still in junior high. If you can afford only a state school, say so. That gives them the time to earn money if they want to go somewhere else, or to boost their grades to get more financial aid.

What should you do to encourage your teen to save money?

Help establish a savings goal. For a younger teen, the goal may be a CD player or a car; for an older one, college. To buy a $3,000 car as a high school junior, a seventh grader might save $10 a week from allowances and gifts in a money-market fund, then increase it to $20 from jobs in high school.

Should you help your teen get a credit card?

Generally, no. If your child gets a credit card without you co signature—and it is easy to do so—make it clear that you will not cover the bills, nor will the card issuer expect you to.

Postponing The Wedding ... Divorce

You're in love. You want to get married. What better way to start your life together than to take your vows on New Year's Eve? A December 31 wedding offers a great excuse to drink good champagne and it guarantees a date on New Year's Eve. But postponing your "I do's", until after midnight could shave thousands of dollars from your tax bill.

For one thing, the IRS typically bases your taxes on your marital status at the end of the calendar year. If you're single on December 31, you can file as a single person for 2002. But if you get married on New Year's Eve, the IRS (in it's infinite wisdom) will consider you married the entire year — and tax you accordingly. That can get expensive for couples subject to the **"marriage penalty"**, a wrinkle in the federal tax code that takes more taxes from working couples who make roughly the same salary. The penalty is triggered when the combination of your income and your spouse's vaults you into a higher tax bracket.

If marriage will move you into a higher tax bracket, look for other ways to take advantage of your last year of "singledom". Suppose you're thinking about selling some stock or mutual funds. If you're in the 15% tax bracket for the 2002 tax year, you'll pay only 10% in capital gains taxes on profits from your sale. If you get married and move into the 28% tax bracket, your capital gains taxes will jump to 20%.

Married couples have two options at tax time: filing a joint tax return or married filing separately. Typically, the latter results in higher taxes, so few couples choose it. But if you and your spouse are estranged, and not yet divorced, you may want to consider filing separate returns.

(continued from "Smart Money" on page 2)

Smart Investors Don't Play The Timing Game

The more you try to time the market, the greater your chances of missing the market's biggest single-day gains. That's why smart investors don't play that game. They don't allow the market's short-term movements to sideline them or dictate their objectives. They're patient investors, focused on the long term and their long term goals.

Talk to Your Financial Advisor

To find out more about the advantages of investing through the market's ups and downs, consult the expertise of your Kensington Financial Advisor by calling (724) 334-1950.

(continued from "Financial Consultant" on page 1)

Professionals May Increase Returns

Over a period of 10+ years, DALBAR learned that investors who worked with financial consultants outperformed investors in direct-marketed funds; by more than 16% in equity funds and by more than 25% in fixed-income funds. What hurt the no-load investors? According to the report: poor market timing decisions, panic selling and performance traps that a financial consultant can help clients avoid.

The markets will fluctuate—sometimes sharply—and investors who use a consultant can be confident that when the market changes, they'll have a seasoned professional to rely on for knowledge and guidance.

Tell Us What You Think

Phone us at: **(724) 334-1950**
Fax us at: **(724) 334-1954**
See us on the Internet at: kensingtonfinancial.com/real
OR Email us at: k-admin@kensingtonfinancial.com

There's more anxiety in being out of a bull market then being in a bear market.
— Wall Street Wit & Wisdom

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