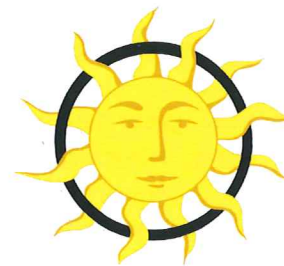


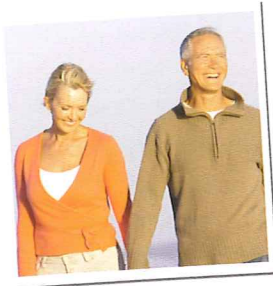
Write Money

On The



Published for the friends of Kensington Financial Services – “Your Planning Partner.”

Join the Millionaire Club



As of 2004, there were 9 million households in the United States with a net worth of \$1 million or more, including the value of their primary residences.¹

This figure has more than doubled since 1995, as has the number of households worth more than \$5 million, \$10 million, and \$25 million.²

For baby boomers, 8,000 of whom are turning 60 every day, \$1 million may have seemed an unattainable goal for much of their lives.³ Yet more and more people are reaching the million-dollar threshold, which puts them in the top 10% of all U.S. households.⁴

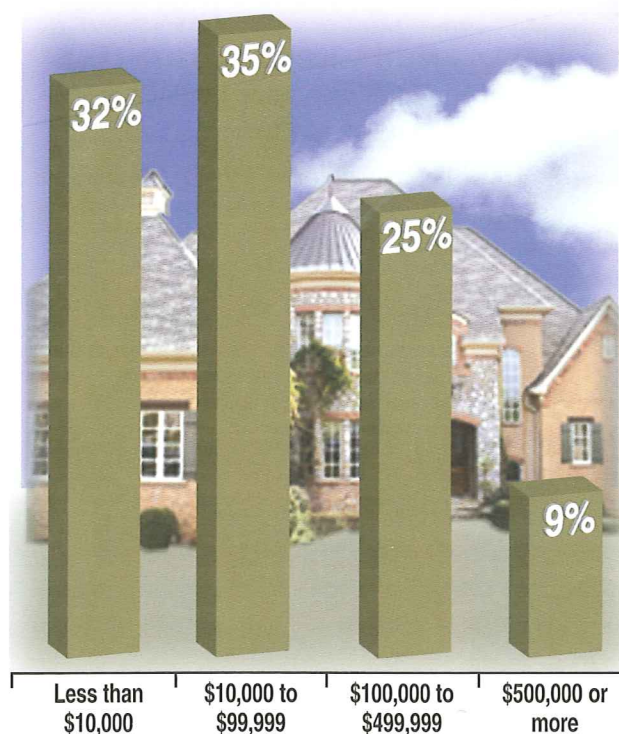
It Ain't What It Used to Be

Yet according to many financial experts, retiring with a cool million may not provide the kind of lifestyle many boomers are envisioning. To match the purchasing power of \$1 million in 1957, when many boomers were children, someone would need \$7.3 million today.⁵

(continued on page 3)

Total Savings and Investments

Reported total savings and investments of retirees (not including primary residences or defined benefit plans)



Source: 2007 Retirement Confidence Survey, Employee Benefit Research Institute

INSIGHTFUL IDEAS FOR YOUR FINANCIAL WELL-BEING





Estate Conservation You Can Trust

Sometimes peace of mind is the best legacy you can leave to your heirs. Trusts offer a way to set your affairs in order while possibly avoiding probate and estate taxes. When structured properly, trusts can also help preserve assets, reduce settlement costs, and protect privacy.

The following trusts are commonly used in estate conservation.

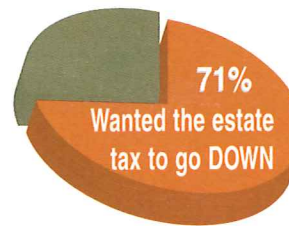
A–B Trust. Also known as a bypass trust, a living trust with an A–B provision allows a married couple to take advantage of each spouse’s applicable credit amount, allowing them to pass on up to twice the applicable exemption amount free of federal estate taxes. A properly structured bypass trust can also help avoid probate.

Irrevocable Life Insurance Trust (ILIT). An ILIT is funded with a life insurance policy. Once an ILIT is created, it cannot be revoked. However, because the trust technically owns the life insurance policy, the proceeds are not considered part of your estate and thus are not used to calculate estate taxes.

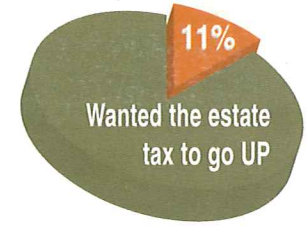


Tax Opinions of the Wealthy

Among families worth at least \$1 million, 71% said they would like the estate tax to go down. But 11% of the super-wealthy (worth \$10 million or more) wanted the estate tax to increase.



Wealthy families



Super-wealthy families

Source: *The Wall Street Journal*, April 5, 2007

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. As with most financial decisions, there are expenses associated with the purchase of life insurance. If a policy is surrendered prematurely, there may be surrender charges and income tax implications. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable.

Family Values Trust. Special trusts can be created to help reinforce behavior that strengthens family values.

These trusts can have stipulations that reward heirs for certain actions such as marriage, graduation from college, and charity work. Family values trusts can also help shield assets from probate and estate taxes.

The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional before implementing such strategies.

Trusts can be used to pass your assets to your heirs. Additionally, your loved ones may be able to inherit some peace of mind.

Shelter from the Storm

You may see your swimming pool and luxury automobile as creature comforts, but should you find yourself in court as the result of an accident, a jury could see these items quite differently. In fact, in about half of tort trials concluded in U.S. district courts during 2002-2003, a judge or jury found for the plaintiff.¹

Finding yourself on the wrong side of a multimillion-dollar decision would be a bad time to discover you didn't have enough liability coverage under your homeowners and auto insurance. Coming up short may mean jeopardizing a lifetime of accumulated assets.

If you live in a wealthy neighborhood, own multiple homes, or entertain at your own home, you may be at greater risk for a liability lawsuit. Experts often recommend that you have liability coverage at least equal to your net worth. Unfortunately, homeowners and automobile insurance policies are often limited in the amount of protection they offer — usually between \$300,000 and \$500,000.

Don't Get Soaked

Umbrella liability insurance offers an extra layer of protection above and beyond the coverage you have under your homeowners and auto liability insurance policies. Umbrella insurance is usually sold in \$1 million increments and can be fairly inexpensive, as little as \$200 to \$300 a year.

Insurers normally require that you have homeowners and auto liability insurance coverage at least equal to the amount of your umbrella insurance deductible, because umbrella insurance is designed to kick in after other policies are exhausted.

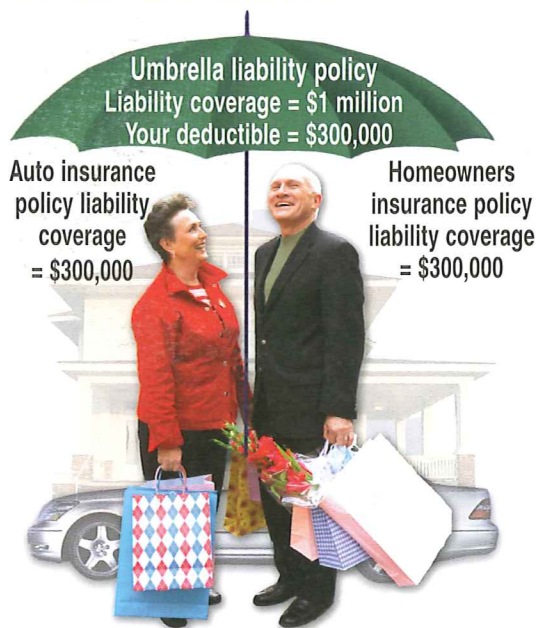
Umbrella liability policies also cover a wide range of things not covered by a typical homeowners or automobile insurance policy, such as libel, slander, invasion of privacy, and defamation of character.

With its low cost relative to the amount of additional coverage, umbrella liability insurance may be a critical component of your risk-management strategy. Call today to discuss adding an extra layer of protection for your assets.

1) Bureau of Justice Statistics, 2007 (2002-2003 statistics, the most recent figures available)

Above and Beyond

Umbrella liability insurance offers extra protection to supplement your homeowners and automobile insurance.



Join the Millionaire Club

(continued from page 1)

Unlike the previous generation, many American workers today can't count on traditional pension plans, generous retiree health benefits, and Social Security entitlements to help fund their retirement. The burden of funding retirement rests squarely on the shoulders of workers, many of whom are finding that they may need much more than \$1 million to provide a comfortable retirement lifestyle that could last three decades.

You can make strong headway in your retirement preparations by utilizing a clearly defined strategy. Take the time to estimate how much you will need to fund your desired retirement lifestyle. Consider your life expectancy, future health risks, and spending habits. Then factor in your current savings and determine how much more you will need to pursue your objectives.

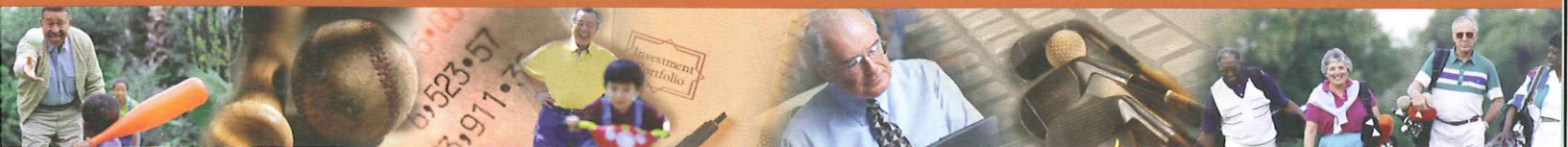
Although \$1 million is a nice, round, alluring figure, it may be too high or low for your future plans. Now is the time to honestly size up your retirement situation and set realistic savings goals.

1-2) *The Wall Street Journal*, February 2, 2007

3) *Investment News*, March 19, 2007

4) *MSN.com*, April 16, 2007

5) *CNN.com*, March 21, 2007

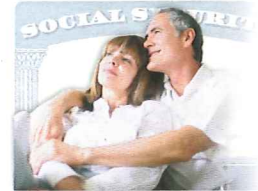




FINANCIAL FUNDAMENTALS

What Do You Know About Social Security Benefits?

Although 40% of current retirees report that Social Security provides their largest source of income, only 18% of American workers can correctly identify the age at which they will become eligible for full Social Security retirement benefits.¹ Take this short quiz to find out how much you know.



1. What is the maximum monthly benefit for a worker retiring in 2007 at full retirement age?
 - a) \$1,011
 - b) \$1,044
 - c) \$2,053
 - d) \$2,116
2. You can choose to take a reduced benefit starting at age ____, or you can delay benefits up to age ____ and receive a higher payout.
 - a) 50 / 70
 - b) 62 / 70
 - c) 55 / 75
 - d) 65½ / 75
3. As time passes, full retirement age:
 - a) gradually increases
 - b) gradually decreases
 - c) stays the same
 - d) eventually tops out at 66 years and 6 months
4. There are currently ____ workers for every Social Security beneficiary. By 2031, there will be ____ workers for every Social Security beneficiary.
 - a) 5.5 / 1.1
 - b) 6.6 / 3.3
 - c) 4.4 / 5.5
 - d) 3.3 / 2.2

Answers:

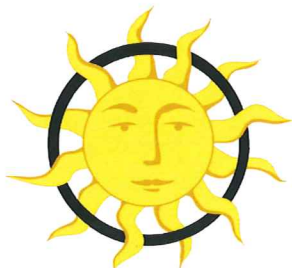
1. **d.** \$2,116 is the maximum benefit, \$1,044 is the estimated average monthly benefit. Your actual benefit will vary, depending on how long you worked, how much you earned, and other variables.
2. **b.** 62/70. Although you are eligible for benefits starting at age 62, postponing benefits up to age 70 will result in a permanently higher monthly benefit.
3. **a.** gradually increases. For those born in 1937 or earlier, full retirement age is 65. It gradually increases until full retirement age reaches 67 for those born in 1960 or later.
4. **d.** 3.3 / 2.2. By 2031, there will be 71 million older Americans, up from 37 million today.

1) 2007 Retirement Confidence Survey, Employee Benefit Research Institute

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Have you joined the millionaire club yet? We can help address your financial concerns on your way to the \$1 million mark and beyond.

For help with your financial decisions,



KENSINGTON[®]

FINANCIAL SERVICES, INC.

“Your Planning Partner”

2664 Leechburg Road • Lower Burrell, PA 15068 • 724.334.1950 • Fax 724.334.1954
www.kensingtonfinancial.com • info@kensingtonfinancial.com

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