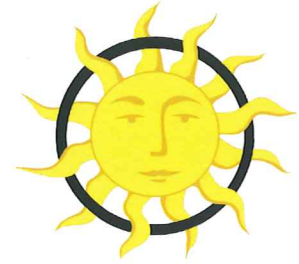


Write On The Money



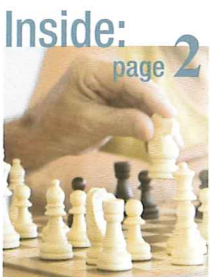
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Cold Out There

Even if your company offers pension benefits, there is a risk that it will one day discontinue or "freeze" its pension plan. In fact, it is estimated that 50% to 75% of corporate pension plans will be frozen by 2012, compared with only 25% in 2007.

Source: *Money Magazine*,
October 7, 2008



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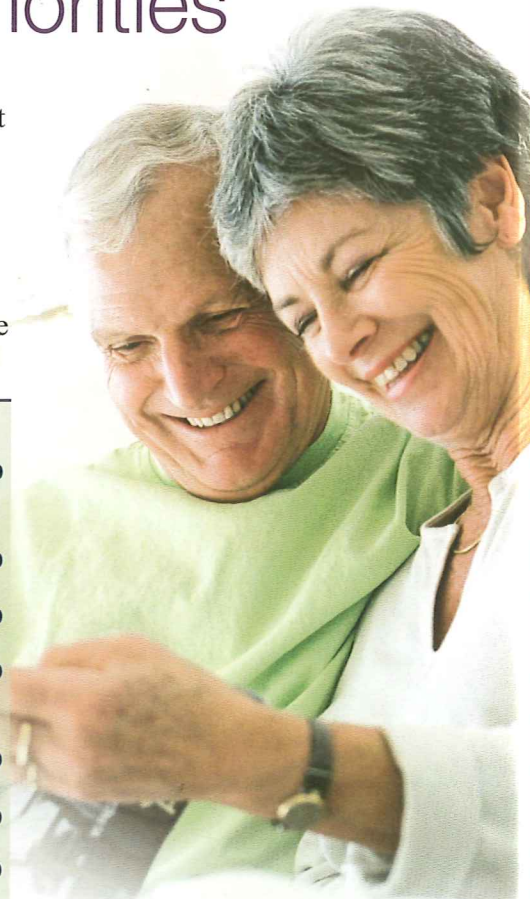
Another Update on the History of the AMT

Personal Priorities

In a recent survey, Americans were asked what they value most in life. The results revealed what you probably already know: Many things are more important to them than money. Survey participants said the following accomplishments were "very important" to them.

Having free time to do the things they want to do	67%
Being successful in a career	61%
Having children	61%
Being married	53%
Doing volunteer work or donating to charity	52%
Living a religious life	52%
Being wealthy	13%

Source: Pew Research Center, 2008



PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

Time to Revisit Risk

The combination of declining home values, a banking crisis, and turbulent financial markets made 2008 a year that investors won't soon forget. In the midst of unsettled financial markets, many equity investors faced decisions about how to position their portfolios for the future.

During volatile financial times, it is only natural to reconsider your own personal risk tolerance and review the role of risk in your portfolio. These guidelines can help you determine the amount of portfolio risk that is appropriate for your situation.

Choose Appropriate Vehicles

Many debt instruments, such as investment-grade corporate bonds, government bonds, and certain types of short-term debt, are typically considered more conservative than stocks, with some exceptions. It's important to note that, even though investments that offer potentially

LEARN FROM YOURSELF

Imagining how you would react in these situations might reveal something about your attitudes toward risk.

SITUATION #1:

You are handed \$2,000 and asked to make a choice. With Option A, you are guaranteed to win another \$1,000. If you select Option B, a coin is tossed. Heads wins you another \$2,000; tails means you keep only the original \$2,000. Which would you choose?

SITUATION #2:

You are handed \$4,000 and asked to make a choice. With Option A, you are guaranteed to lose \$1,000. If you select Option B, a coin is tossed. Heads means you lose \$2,000; tails means you lose nothing.

Did you notice that the outcome of Option A in both situations was \$3,000?

The outcome of Option B was also the same in either situation. Depending on the result of the coin toss, you walked away with either \$2,000 or \$4,000.

If you selected different outcomes in each situation, what does this tell you about how you perceive risk?

Insurance for Your Whole Life

Most American adults with life insurance coverage carry only the group coverage offered by their employers.¹ Although employer-sponsored life insurance tends to be fairly affordable, there's one drawback that you cannot ignore: Such coverage usually terminates when you leave.

If your situation calls for life insurance coverage that extends beyond your working years, it might be time to consider whether permanent life insurance would be appropriate.

Stability for You and Yours

A permanent policy, sometimes called cash-value or whole-life insurance, generally remains in force for the life of the insured as long as the premiums are paid. Once the policy is in force, the premiums typically remain level. This can help ensure continued protection as you age, even if your health should take a turn for the worse.

The death benefit paid to your beneficiaries is usually not subject to income taxes. It can be used to help pay estate taxes, final expenses, medical bills, and other debts without the need for your heirs to sell off valuable holdings in a time of distress.

Financial Safety Net

In the early years of a permanent life insurance policy, the premiums are usually higher than the actual cost of insurance protection. The insurer invests the excess premiums, and the policy can accrue cash value. Policyholders may borrow against the accumulated cash value for any number of uses, such as supplementing retirement income, paying off a mortgage, and sending family members to college.

Access to cash value is through withdrawals or loans. Policy loans will reduce the cash value by the amount of any outstanding loan balance, plus interest.

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

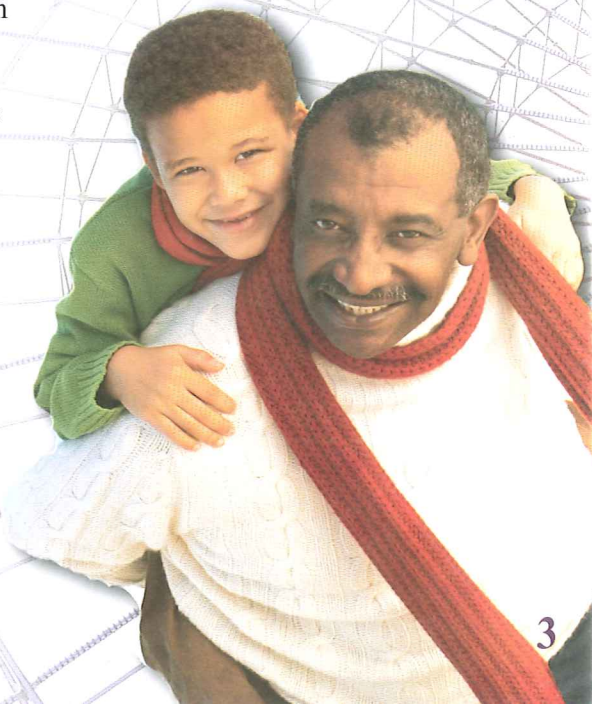
Will the need to provide for your loved ones in the event of your death ever really diminish? If the answer is no, then you may want to consider the lifelong protection of whole-life insurance.

1) LIMRA International, 2008

Did You Know?

Walt Disney borrowed against his life insurance policy to help raise the \$17 million needed to build Disneyland, which opened in 1955.

Source: *Los Angeles Times*, July 17, 2005



higher returns generally carry higher risks, the opposite is not necessarily true. Just because something is risky doesn't mean it has a higher return potential. For this reason, it is critical to consider exactly what risks an investment poses in order to determine whether you are exposing yourself to unnecessary risks. The return and principal value of stocks and bonds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Consider Your Time Horizon

Some investors are risk-averse because losses could potentially affect their current incomes. Although most people will need to continue pursuing stock market returns well into their retirement years, even if only on a limited basis, it's wise to reduce your exposure to riskier investments as you get closer to retirement and especially after you retire. Individuals who are expecting to retire in three to five years may want to begin shifting assets to more conservative investment vehicles in order to avoid losses from which they may not have time to recover.

Review Personal Preferences

Finally, remember that your own personal risk tolerance can change over time. If you have become anxious about recent losses and/or the potential for future losses, you may want to rebalance your portfolio away from higher-risk investments. However, such a move should be considered carefully, in light of the fact that you may be increasing the risk that you will not achieve your financial goals.

If your risk tolerance has shifted, it may be time to revisit the role of risk in your portfolio. We can help you review your investment strategy in light of your current situation.

Another Update on the History of the AMT



The massive economic rescue package passed in October 2008 in response to the banking crisis included relief from the alternative minimum tax (AMT) for the 2008 tax year. This is good news. If Congress had not passed this temporary patch, up to 25 million taxpayers would have been hit by the AMT. By one estimate, these taxpayers would have seen an average \$2,000 increase in their tax liabilities. The patch limited the number of

SILVER LINING

Ironically, more Americans were subject to the AMT after the 2001 and 2003 tax cuts because the AMT rates have never been adjusted for inflation. If the 2001 and 2003 tax cuts are allowed to expire after 2010 (as scheduled), fewer taxpayers could be subject to the AMT.

Millions of projected AMT taxpayers



Source: Tax Policy Center, 2008

taxpayers who are subject to the AMT to about 4 million for the 2008 tax year.¹

The AMT was introduced in 1969 to target a very few wealthy individuals who were using loopholes to avoid paying income taxes. Because the AMT limits are not indexed for inflation in the same way that ordinary income taxes are, more middle-income taxpayers have fallen within the AMT's clutches in recent years.

Congress has found it easier to deal with the issue of AMT liability on a year-to-year basis rather than repealing the tax permanently. This is primarily because losing AMT revenue would cause the projected budget deficit to increase by more than \$1 trillion over the next decade.²

With each year that Congress avoids a permanent fix, the number of moderate-income taxpayers who could face a tax hike resulting from the AMT grows larger. In fact, it's estimated that half of those earning between \$75,000 and \$100,000 — a group that could hardly be defined as wealthy — would possibly be subject to the AMT by 2010.³

The future of the AMT is nothing but uncertain. Therefore, it is important to consider the potential effect of the AMT on your tax liability in the coming years.

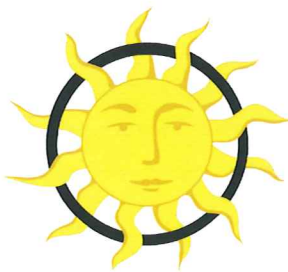
1) *USA Today*, September 26, 2008

2) *Los Angeles Times*, October 5, 2008

3) *Kiplinger's Personal Finance*, March 2007

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Have you considered how your risk tolerance may have changed over the past few years? It's a good idea to maintain an open dialogue about the role of risk in your portfolio.



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