

**SPECIAL
POINTS OF
INTEREST:**

- Take a closer look at dollar-cost averaging
- Learn how to make the most of your charitable donations
- What is a bond ladder?

**INSIDE
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An Average Way to Invest

Market volatility over the past few years may have caused you to question the reliability of standard investing methods. However, as you can see from the chart below, an old standby like dollar-cost averaging might have helped make the most of a highly volatile period.

Dollar-cost averaging calls for investing a fixed amount in a particular security, such as a mutual fund, on a regular basis, usually monthly. In theory, you buy more shares when prices fall and fewer shares when prices rise. The result can be a lower average cost per share.

Although dollar-cost averaging is hardly foolproof, consider how it might have worked in this hypothetical scenario. Beginning in January 2008, a hypothetical investor invested \$1,000 per month in a mutual fund that tracked the S&P 500. By the end of the third quarter of 2009, he had contributed \$21,000 and his account had grown to \$21,538. His hypothetical 2.6% investment return seems fairly meager until you consider that the S&P 500 stock index lost 20% during this period.

Dollar-cost averaging does not ensure a profit or prevent a loss. Such plans involve continuous investments in securities regardless of fluctuating prices. You should consider your financial

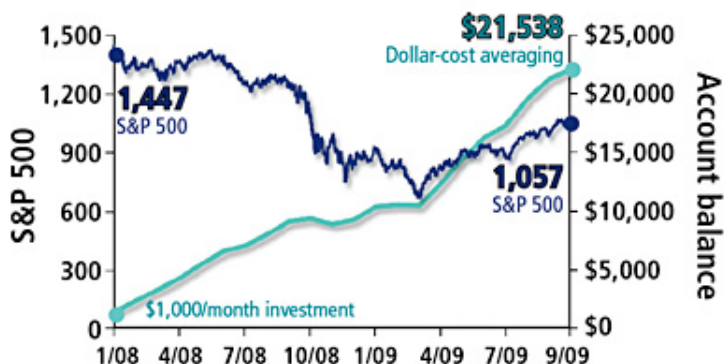
ability to continue making purchases during periods of low and high price levels. However, this can be an effective way for investors to accumulate shares to help meet long-term goals.

The return and principal value of mutual funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from

your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

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Sources: Yahoo! Finance, 2009; Thomson Reuters, 2009. S&P 500 Composite Index (total return) for the period 12/31/2007 to 9/30/2009. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance is no guarantee of future results. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.

Getting Something for Giving

Americans are very generous when it comes to causes they believe in. In fact, donations by individuals accounted for 75% of the \$307.7 billion given to charity in 2008.¹ Religious groups, educational institutions, and grant-making foundations were among the top donation recipients.²

If you are interested in making the most of your own charitable gifts, setting up a charitable trust may offer your family and your favorite charity some benefits that you hadn't considered.

Charitable Remainder Trust

A grantor who places money, securities, property, and other assets in a charitable remainder trust can designate an income beneficiary, even if it is the grantor herself, to receive payment of a specified amount (at least annually) from the trust. At the end of the trust period, which can be for a certain number of years or for the rest of the grantor's lifetime, the designated charity receives the "remainder" assets, as the name implies.

One key benefit of this strategy is that if the trust is properly executed, you can donate highly appreciated assets without incurring a capital gains tax liability. This may enable you to leverage your gift by donating that portion of the asset value that might otherwise have been consumed by taxes. You may also qualify for an income tax deduction on the estimated present value of the remainder interest that will eventu-



The Fairer (and More Charitable) Sex

Affluent U.S. and U.K. women give an average of **2.3%** of their net investable assets to charity each year, compared with **1.3%** donated by affluent men.

Source: Journal of Financial Planning, October 2009

ally go to charity.

Charitable Lead Trust

A charitable lead trust takes a nearly opposite approach. The grantor places assets in the trust, which pays an income to the charity. At the end of the trust period, the remaining assets are paid to the grantor or the grantor's beneficiaries. This can help reduce, or in some cases even eliminate, estate taxes on appreciated assets that eventually go to the gran-

tor's heirs. The appeal here is that the family can use the assets that might otherwise create a tax liability to benefit a charity without ultimately surrendering control of the assets.

Bear in mind that donations to both types of trusts are irrevocable; therefore, the assets cannot be withdrawn once the trusts are formed. Not all charitable organizations are able to use all possible gifts. It is prudent to check first. The type of organization you select can also affect the tax benefits you receive. The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate conservation professional before implementing such strategies.

Charitable trusts may help your charity of choice while also providing you with potential tax benefits. Call today to discuss your need for a planned giving strategy.

1–2) *The Wall Street Journal*, November 9, 2009

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Interest Rates: Be Ready for Anything

Most economists expect the Federal Reserve to keep interest rates fairly low in 2010 in order to encourage job growth.¹ Yet in reacting to the banking crisis in 2008, the Fed also created conditions that some say are ideal for reigniting inflation. If inflation were to become a serious threat to the economy and job creation, the Fed might have no other choice but to raise interest rates.

In other words, anything can happen. Current conditions make it difficult to anticipate where interest rates will be even a year from now. Where does this leave bond investors? Same place they have always been: unable to accurately foretell the future.

Fortunately, there is a strategy to help bondholders limit the risk of continued low rates *and* put them in a position to benefit if rates go higher.

Get Ready to Stagger

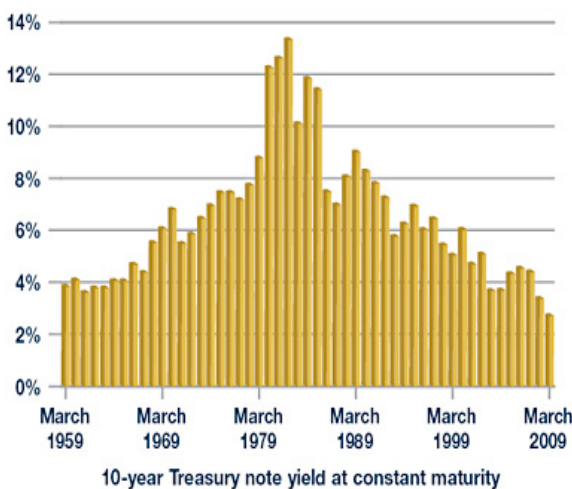
Individual bonds, when held to maturity, are generally not subject to interest-rate fluctuations. The terms are fixed when the bond is issued, allowing the bondholder to know exactly how much income the bond should generate and when the principal will be returned (assuming the borrower does not default).

However, once a bond matures, there is the risk that the investor

will have to reinvest the principal at a lower interest rate. Likewise, there is also the risk that interest rates will rise after an investor has purchased a particular bond and subsequently doesn't have cash to reinvest at the higher rate.

ON THE MARCH

If you had bought 10-year Treasury notes that always matured in the month of March, the interest rate at which you would have been able to reinvest would have fluctuated widely over the past 50 years.



Source: Haver Analytics, 2009, for the period March 1959 to March 2009. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. A Treasury security sold prior to maturity may be worth more or less than the original price paid.

One way to help manage rate volatility is by building a *bond ladder*. This strategy involves purchasing bonds with staggered maturity dates so that at least one bond matures every year or two. If rates have fallen, only a portion of the principal is reinvested. If rates are heading higher, the investor has an opportunity to reinvest at least some principal at the higher rate. Think of it as another form of diversification, one that spreads risk over time. Diversification does not guarantee against loss; it is a method

used to help manage investment risk.

The principal value of bonds may fluctuate due to market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

A bond ladder has no effect on the risk of bonds themselves, but using a ladder strategy may put you in a better position to benefit from attractive rates as well as protect against falling rates. By purchasing bonds that mature at intervals, rather than all at once, you may be structuring your portfolio to help withstand the inevitability of interest-rate fluctuations.

1) The Wall Street Journal Economic Forecasting Survey, October 2009

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What's New at Brandywine



From Raymond's Desk

I have set a few personal goals that I want to accomplish over the next several months. I find that when I set goals I am more focused on achieving them and feel a personal sense of reward when I do. I have always set business goals and this year I have incorporated some personal goals as well.

- Exercise/Diet – As many of you know I already exercise on a daily basis but never really set any specific goals for what I am trying to accomplish. So this year I want to get my weight down to 180-183lbs. and my body fat percentage under 20% before the end of the summer.
- Golf – I enjoy the game so much but have not put any real “practice” to improve my score. This year my goal is to take 10 strokes off my game by the end of the summer.

Wish me luck I will keep you posted on my progress!

~Raymond

From Jill's Desk

So far April has been my favorite month this year. You are probably sick of hearing me talk about the Philadelphia Flyers by now, but, to be completely honest, the playoff's are pretty much the only thing I am interested in at the moment. I pulled some strings and was lucky enough to attend the last regular season Flyers game against the Rangers, which also, in my opinion, was their most important game of the season. The team that won this game would advance to the first playoff round. The score was tied, went into over-time and then a shootout, where the flyers won the 7th spot in the playoffs! The cheering fans were so ecstatic from the victory, one could not feel anything other than exhilaration. This was definitely one of the best days of my life.

Now that the Flyers have won the first round, I am anxiously awaiting the announcement of game dates for the second round of the series. I will definitely be trying everything in my power to get tickets, but I do not anticipate being able to afford the astronomical prices the Wachovia Center requires for half-decent playoff seats. I won't be too upset if I do not make it to see the Flyers play live because I know a few people with large flat screen HDTVs, so I think I will survive. And besides, there is always next year!