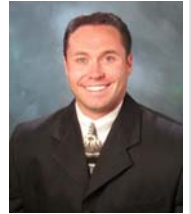


# RAYMOND'S DAILY "PLAN-IT"

SOLUTIONS ~ FOUNDATION ~ INDEPENDENCE

RAYMOND CAROTA  
SENIOR WEALTH ADVISOR  
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MAY 2008

## Define Your Own Benefits

Research indicates that retirees tend to be happier with a defined benefit pension than they are with a comparable amount of wealth in a retirement account.<sup>1</sup>

Everyone wants to be a happy retiree someday, but there's a big problem: traditional defined-benefit pension plans are going the way of the covered wagon. The number of private-sector pension plans has dwindled from an all-time high of 112,000 in 1985 to a mere 30,000 plans in 2007.<sup>2</sup>

The aforementioned retiree happiness is probably not due to actual participation in a pension plan, but rather to the guaranteed income that such a plan provides. Here's a secret you may not know: underlying many pension plans is an annuity, a highly flexible insurance product that is available to most people.

### Plenty of Choices

Several different types of annuities are available, and the appropriate choice will depend on your specific situation and goals. But all annuities are essentially contracts with an insurance company. The contract is funded with premium payments, which can be paid all at once or in multiple installments.

Fixed annuities offer the option of a guaranteed income that you cannot outlive. The contract can even last for the duration of two lives, providing payments while both spouses are alive and continuing payments to the survivor for the rest of his or her life. Alternatively, the contract can provide an income that lasts for a specific period. If the contract holder does not survive through the specified period, in some cases the income can be paid to a beneficiary for the remaining time period.

The guarantees of fixed annuity contracts are contingent on the claims-paying ability of the issuing insurance company. Most annuities have surrender charges that are assessed during the early years of the contract if the contract owner surrenders the annuity. In addition, withdrawals prior to age

59½ may be subject to a 10% federal income tax penalty.

If you are concerned about having a reliable source of retirement income, a fixed annuity may be worth your consideration. We can help you evaluate your options.

1) Center for Retirement Research at Boston College, 2007  
2) Pension Benefit Guaranty Corporation, 2001, 2007

## Where Will You Roll?

It's become a cornerstone of prevailing wisdom: Be sure to roll the money in your employer-sponsored retirement plan into an IRA when you separate from your employer. This smart move can help preserve tax benefits and avoid tax penalties, plus make it easier to keep track of your retirement assets. Perhaps this is why most IRA assets come from lump-sum rollovers rather than annual contributions.<sup>1</sup>

But an IRA rollover is just the beginning. An IRA is not really an investment in itself, but rather a special type of account that can be invested in thousands of ways. When you roll money into an IRA, the custodian will typically put it into a default investment fund until you and your financial advisor specify otherwise.

Considering that mutual funds manage the largest share of IRA assets, here's a roundup of some mutual fund options.<sup>2</sup>

**Stock funds** typically pursue investment gains by trading stocks issued by domestic and/or international companies. This type of fund is usually appropriate for investors who have long-term goals and a higher risk tolerance.

**Bond funds** trade debt securities. These funds usually appeal to investors who are seeking to preserve their principal while also earning income. Bond funds are subject to the same inflation, interest-rate, and credit risks associated with the bonds that they trade.

**Balanced funds** usually own a combination of preferred and common stock, as well as bonds with varying maturities. They are appropriate for investors who are seeking income potential and capital appreciation. Balanced funds are also known as *hybrid funds*.

The value of mutual fund shares fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost. Distributions from traditional IRAs and most employer sponsored retirement plans are taxed as ordinary income and may be subject to a 10% federal income tax penalty if taken before age 59½.

Whether you are preparing for an IRA rollover or simply looking for the appropriate investment vehicles for an existing IRA, it's likely that there is a mutual fund that can fit your needs.

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.

1-2) Investment Company Institute, 2007

### A Whole New Lease on Life

Common wisdom holds that term life insurance is generally less expensive than whole-life (permanent) insurance. For those who are relatively young and in good health, this is probably true. However, as people grow older, term policies can become exponentially more expensive.

If you think you will need life insurance protection for the rest of your life and your group or term policy is about to expire – or you want to purchase more life insurance to cover current obligations, pay off debts, or provide a tax advantage for your heirs – now may be a good time to explore whole life insurance. If so, you'll be in good company. Whole-life insurance policies accounted for almost 60% of all individual life insurance policies purchased in 2006.<sup>1</sup>

Whole-life insurance traditionally remains in force for the life of the insured, and the policy premiums usually remain constant. In the early years, the premiums are typically higher than the actual cost of protection. Excess premium amounts are invested by the insurance company and have the potential to build cash value.

Policyholders can borrow from the accumulated cash value of a whole-life policy. However, loans accrue interest, and if the money is not paid back during the insured's lifetime, the outstanding amount will be deducted from the death benefit.

Younger policyholders may want to avoid taking a loan because they typically have the greatest need for protection and they may not have accumulated significant cash value. However, tapping into the policy's cash value may make more sense as a policyholder ages, when the need for protection may decrease and other needs may emerge. For example, the cash value could be used to supplement retirement income or help pay off a mortgage. It could even help pay for a family member's college education.

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.

Can your risk-protection strategy benefit from a whole-life insurance policy? Call today to learn how permanent life insurance can be a source of protection and a way to help accumulate money to use for future needs during your lifetime.

1) American Council of Life Insurers, 2007

### *From the Desk of Raymond....*

*Moderate Improvements....The recent market turmoil has improved in past weeks as the Equity Markets have rebounded from their March lows and pushed the DOW toward 13,000.*

*We are still fighting an uphill battle with oil prices continuing to rise and food costs still bearing down on the consumer.*

*A client sent the link below to me and I found it extremely humorous, thanks again Mike. To view it, please copy and paste into your web browser and hit enter on your keyboard.*

<http://www.brasschecktv.com/page/187.html>

*~Raymond*

## WHAT'S NEW AT BRANDYWINE?

Have you ever noticed that there seems to be more people out and about after May arrives? Maybe it's because when the weather gets nice it brings people out of their winter hibernation; or perhaps it just seems that way. None the less, May is a busy time, and I'm sure that most of you find this true for yourselves as well. Spring cleaning, bringing out the summer clothes, packing away the winter jackets, and getting ready for the kids to get out of school are just a few things that seem to begin in May. We are finding May to be a busy time for us as well. I'm sure you can agree that continuing education is very important in achieving personal and professional success. It is always important to sharpen your skills and refresh your mind. For this reason, Justin and I have enrolled in a three day conference at the end of May in order to review some new and exciting things taking place in our industry. We are always dedicated to finding new and better ways we can service you, and we believe this will be a great experience for us. As for all of us personally, here's a brief update:

### What's new with Raymond?

Well, Sarah and I are freshly returned from our vacation to Cabo San Lucas. For anyone seeking a new vacation destination, I would encourage you to visit Cabo! The weather was perfect, 85 and sunny all day, 65 with a cool breeze in the evening, and it almost never rained! It has been Americanized and it is easy to communicate with the people as almost everyone speaks English. They have A LOT of activities for those of you who enjoy being active on vacation as well as plenty of beach and pool areas to sun in for those of you who prefer to lounge. We chose to do both! We went on a "boat excursion" to sight see and snorkel and we rented Jet Ski's (SOO MUCH FUN!). We also took a trip to "lover's beach" which is the southern most tip of the land where the Pacific Ocean and the Sea of Cortez meet. One side of the peninsula is very tranquil (lover's beach) and the other side has big crashing waves where swimming is prohibited due to a strong undertow (the call this side Divorce beach). Sarah and I are looking for our next vacation destination, so if anyone has any suggestions, please forward them to me. Thanks!

### What's new with Justin?

I finally gave into my Fiancée's desire to own a dog. I purchased a Yorkshire Terrier from a breeder in Missouri and she (Ginger) is being flown in to Philadelphia on Friday May 16<sup>th</sup>. Before I bought her, I called all of the local authorities (Chamber of Commerce, Health Department, Police Department, Better Business Bureau, and even the town diner) where the breeder has his business to verify that they are a reputable company. They checked out just fine, but Francesca thinks that I'm paranoid. I just wanted to ensure that I was buying from a clean establishment with healthy dogs. All in all, we are excited to get her. I've never owned my own dog, only had a cat when I was 8. I named her Katie until the vet told me it was a boy...she became Ted. Ted later passed because of diabetes; I didn't know an animal could get a disease like that. As you can imagine Francesca and I spent the past weekend buying everything imaginable for our new family member as well as dog-proofing our condo. She's a little puppy, only weighs 2 lbs and we anticipate her to grow to a mere 4-5lbs. This is a new "thing" for me, so any advice would be greatly appreciated and welcomed.

### What's new with Kristen?

I don't have a lot of big plans for May, but I will be doing one thing that is a time honored tradition in my hometown. I will be going to the Mayfest! I grew up in a small town in South Jersey called Smithville. The Historic Town of Smithville was built around The Smithville Inn, which started as a stagecoach stop and is now a fantastic restaurant. The modern day Smithville Village is a collection of about 60 shops and eateries. Every year in May they hold an enormous craft fair known as Mayfest. The event holds over 100 crafters selling their wares and dozens of carnival/fair stands boasting the best funnel cake, French fries, and lemonade. My personal favorite is the chocolate covered strawberries from the Village Sweet Shoppe! The festival lasts for two days from 10AM – 5PM and is something I've been doing with my mom and sister since I was in elementary school. Luckily for us, my mom lives within walking distance of the village, because sometimes parking can be crazy! If you're in the South Jersey area May 17<sup>th</sup> – 18<sup>th</sup> you should definitely check it out. While you're there I also highly recommend the strawberries!

We hope the coming month brings you great things and that it also brings you closer to obtaining your financial goals. Thank you for continuing to allow us to have a hand in achieving those goals for you. Also, thank you all for your recent referrals, they are greatly appreciated. When you suggest our services to your family, friends, and colleagues, it is the greatest compliment we could receive. Please feel free to pass on the names of anyone you know who feels they would benefit from Wealth Management, as it would be our pleasure to talk to them. Have a wonderful month!