

**SPECIAL
POINTS OF
INTEREST:**

- Take a look at some of the different kinds of liability insurance available to small businesses
- Explore some small steps you can take today that may make a big difference when you are ready to retire.
- How much do you know about ETF's? Read on to find out more!

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Protection from a Range of Liability Claims

It's estimated that American companies will face \$183 billion in tort costs in 2011, \$152 billion of which will land on small businesses.¹

Accidents happen no matter how well a business is run, and the expenses involved in defending a lawsuit can prove to be devastating, whether the organization is found to be at fault or not. Fortunately, there are several forms of liability insurance that may help offset unforeseen costs (up to the policy limits) that could consume your business's profits or ruin its longer-term prospects.

The commercial general liability coverage offered with a business owner's policy helps protect against risks associated with property damage, bodily injury, and personal and advertising injury. However, different kinds of coverage may be warranted for businesses exposed to special risks that may not be included in a standard policy.

- **Professional liability insurance** (or errors and omissions coverage) could help with legal costs and damages related to wrongful practices by professional service providers such as doctors, lawyers, and various types of consultants. Typically, it is necessary to obtain coverage that is specific to the company or industry.
- **Product liability insurance**

could help protect against financial loss resulting from a defective product that causes injury or harm. Companies that manufacture, distribute, or sell such products could potentially be held responsible for their safety.

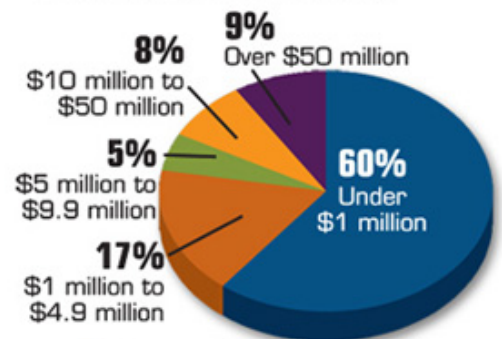
- **Internet liability insurance** could help protect firms that conduct business on the Web from risks related to computer hacking, spam, viruses, and other online perils.
- **Employee benefits liability endorsements** could help pay costs that result from negligence related to the administration of employee benefits, even if they are managed by an outside professional benefits administrator.

As your business grows, you could encounter new risks and may want to expand coverage based on the size of your staff or the value of equipment and other assets. Reviewing your liability insurance on a regular basis could help protect you from the possibility of a lawsuit that could stifle your business or harm your personal financial situation.

1) U.S. Chamber Institute for Legal Reform, 2010

Who Suffers Most?

Small businesses bear a majority of the costs resulting from tort lawsuits.



Percentage of total tort costs, by business revenue category

Source: U.S. Chamber Institute for Legal Reform, 2010 (2011 forecast; numbers do not equal 100% due to rounding)

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Ways to Save More



About two out of three American workers are saving for retirement, but less than half are confident that they will have enough money to live comfortably throughout their retirement years.¹ However, even those who are confident may not have realistic expectations.

Consider that a \$250,000 account earning a 5% annual return could provide an income of about \$1,000 per month (without dipping into principal). Yet only 10% of workers have savings of \$250,000 or more.² Saving for retirement might seem daunting, but you may be able to increase the amount you are saving without making huge sacrifices. Taking some small steps today might make a big difference when you are ready to retire.

Save an extra 1% of your salary each year. Raising your retirement contribution in small increments may not have much effect on your take-home pay, but the long-term results could be significant (see chart). The IRS sets annual contribution limits for retirement plans, but the amount you can actually contribute will depend on your plan's rules.

Give your retirement a raise. The next time you receive a pay increase, try to divert part or all of it toward your long-term financial

goals. Recall the last time you received a raise and how quickly the extra money was absorbed by your spending. You might find it easier to save a raise if you don't allow yourself to spend the extra money.

Make payments to yourself. When you pay off a debt, such as a car loan or a credit-card balance, consider pretending that you still owe the monthly payment — to yourself. Because the payment is already built into your budget, this could be a simple way to make additional progress toward your long-term goals. **Avoid credit-card debt.** Some forms of debt, such as mortgages and auto

water, eating in restaurants — are important, but you might be surprised by their true cost. For example, saving \$5 per day would equal \$150 per month. If this amount were contributed to an account earning an 8% annual return, the balance could reach more than \$140,000 after 25 years.

These hypothetical examples are used for illustrative purposes only and do not represent the performance of any specific investment. Fees, expenses, and taxes are not considered and would reduce the performance described if they were included. Actual results will vary.

If you don't have a lot of money to devote to your long-term financial goals, you may have an equally important asset: time for your savings to grow. Finding small ways to save more today could help you enjoy a more comfortable lifestyle in retirement.

1–2) Employee Benefit Research Institute, 2011

One Step at a Time

Tom and Ray are hired for jobs that pay \$75,000 a year. In the first year, they both contribute 10% of their incomes to their retirement accounts. In succeeding years, Ray raises his contribution by 1% (so he is contributing 11% in the second year, 12% in the third year, and so on) until he is contributing 15% of his income. Tom keeps his contribution at 10%. After 30 years, Ray could accumulate about \$500,000 more than Tom.



This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment; it assumes a monthly deferral of salary and monthly compounding of earnings. Fees, expenses, and taxes are not considered and would reduce the performance shown if they were included. Actual results will vary.

loans, may be necessary for your basic lifestyle. The same usually cannot be said of credit-card debt. Before you put a major purchase on your credit card — one that you may not be able to repay in full when you receive the next statement — consider that the expense is likely to *increase* the amount of time it could take to reach your retirement goals. Cut out a **small expense**. Life's little pleasures — coffee drinks, bottled

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ETFs for the Conservative Investor

Investment in exchange-traded funds (ETFs) has grown substantially since the first ETF was introduced in 1993. Total ETF assets exceeded \$1 trillion in March 2011, up more than \$200 million over the previous year.¹

Until recently, conservative investors may have felt left out of the ETF marketplace because the available options were largely based on stocks. That is changing. There are now 140 bond-based ETFs with assets representing about 14% of the total ETF market.² Bond ETFs generally track major fixed-income indexes that might focus on short-term, intermediate-term, or long-term bonds. They offer some appealing opportunities for the risk-averse.

Mutual Funds Meet Stocks

Like mutual funds, ETFs comprise a portfolio of securities assembled by an investment company. They typically track an index, market sector, or other group of securities and offer investors flexibility in structuring their portfolios to meet specific goals and risk tolerances, as well as a level of diversification that would be cost-prohibitive if the underlying securities were purchased separately. This is especially true of bonds, which typically carry face values of \$1,000. Diversification does not guarantee against loss; it is a method used to help manage investment risk.

Unlike mutual funds, whose shares are generally bought from and sold back to the mutual fund and priced once a day at the close of business, shares of ETFs

trade like stocks throughout the day. Supply and demand for the shares may cause them to trade at a premium or a discount relative to the value of the underlying shares.

The principal value of ETFs and mutual funds will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Bond ETFs are subject to the same inflation, interest-rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect the performance of a bond ETF.

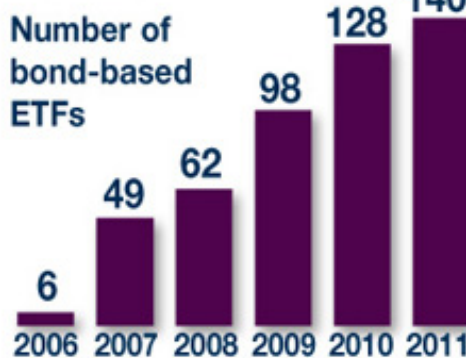
The attraction of ETFs over mutual funds comes from their trading flexibility, generally lower expense ratios, and greater tax efficiency. Be mindful, however, that you must pay a brokerage commission to purchase ETF shares. Given the growing availability of ETFs, there may be several to choose from that could be appropriate for your risk profile.



Exchange-traded funds and mutual funds are sold 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, 2011

A GROWING INVESTMENT OPTION



Source: Investment Company Institute, 2011 (data through March 2011)

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What's New at Brandywine



From Raymond's Desk

As of my last writing just over a month ago, I mentioned how Herman Cain, Republican Candidate for President, was not so much of a household name, yet. And as of today only 30 days later, he is the leader, in the Republican nominee race. It appears as though his “straight talk” attitude is hitting home with the hearts of the American people. Again I believe this is because he is NOT a full-time politician he is a business man. This is not an endorsement for Herman Cain, as I said before I do not know enough about him. I am simply reiterating my comments in my September writing, if you missed it you can read it at my website www.brandywinefinancialgroup.com and visit my newsletters area.

The boys (Paulie and Sonny) are doing just fine. They enjoy playing together.

October is on track for the largest monthly increase in history for the markets. We will see if that can last, but we are taking the opportunity to lighten up on equities to see what the next step for the markets will be.

~Raymond

From Jill's Desk

Fly Eagles Fly, on the road to victory...! Well folks, I finally ventured out of the Wells Fargo (Flyers) parking lot, across the street, to Lincoln Financial Field last night and witnessed not only my very first Eagles game ever, but also a fantastic victory over the Dallas Cowboys!

I went to the game with my cousins, and 10 of their friends, on a luxury bus that had huge black leather seats and a large flat screen TV on the back wall. We had nice little tailgate party with all the proper sporting event snacks: hot pork and hot roast beef sandwiches, chips and couple of dips, drinks and some cookies! They really go all out for eagles games.

I've never really been interested in football because I do not understand game, especially when they say terms like “first and 10, second and 20”, but I realized yesterday that I don't have to understand all the terms, I can just watch the game and cheer when they score. I also realized that you really have to go to a game to understand the joys of not just football, but any sport in general.

All in all, I had a really great time. Although I still know very little about the game, I can certainly see why the Philadelphia Eagles have such wild and crazy fans! Go Birds!