

**SPECIAL
POINTS OF
INTEREST:**

- **Variable Annuities Add Guarantees**
- **What is an ETF? What are the Benefits?**
- **Please Welcome our newest team member, Jill Monteleone, our new Client Services Associate**

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Variable Annuities Add Guarantees

A recent survey of financial advisors revealed that 83% of their investor clients aged 55 to 70 think that a guaranteed income is more important than above-average investment gains.¹

Investors who would rather not choose between these two options may want to consider variable annuities with *living benefit guarantees*, which are available at an extra cost.

A variable annuity is a long-term financial vehicle designed for retirement purposes. The contract holder makes payments to an insurance company in exchange for the promise of a future income stream or a lump-sum payment. The insurance company invests some of the payments in subaccounts selected by the investor that pursue investment gains in various asset classes, including stocks.

Because it is possible for these subaccounts to lose money, some variable annuities offer living benefit guarantees to limit the downside risk. These benefits are designed to help ensure that the contract reaches a minimum value, provides a minimum income amount, or guarantees an

income for a specific period, even if the investment subaccounts underperform.

There are contract limitations, fees, and charges associated with variable annuities, which can include mortality and expense risk charges, sales and surrender charges, administrative fees, and charges for optional benefits.

original amount invested when the annuity is surrendered.

Variable annuities 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) AARP, 2009

INTEREST GROWS IN GUARANTEES

The percentage of variable annuity contract holders who elected to purchase living benefit guarantees has increased markedly since 2004.



Source: Milliman, 2009

*First half of year

Withdrawals reduce annuity contract benefits and values. Variable annuities are not guaranteed by the FDIC or any other government agency; they are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association. Withdrawals of annuity earnings are taxed as ordinary income and may be subject to surrender charges plus a 10% federal income tax penalty if made prior to age 59½. Any guarantees are contingent on the claims-paying ability of the issuing company. Because variable annuity subaccounts fluctuate with changes in market conditions, the principal may be worth more or less than the

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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



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A New Way to Diversify

With nearly \$450 billion in assets and growing, exchange-traded funds may be ready for their turn in the spotlight.¹ The number of ETFs has grown from 80 at the end of 2000 to 737 at the start of 2009.²⁻³ Although these investment vehicles have entered the mainstream, some investors may feel that ETFs are shrouded in mystery.

Yet once you demystify them and understand how they work, you will be in a better position to determine whether exchange-traded funds may be appropriate for your portfolio.

What Is an ETF?

Exchange-traded funds are unique investments that resemble mutual funds in some ways and behave like stock in other ways. ETFs are baskets of securities put together by investment companies.

They are usually assembled to track an index, sector, or other group of stocks.

Individual shares of ETFs are similar to individual shares of stock in that they can be traded, causing prices of those shares to fluctuate throughout each trading day. The prices of ETF shares tend to track the value of the underlying securities, although supply and demand for the shares themselves can affect share prices relative to the underlying securi-

ties. The principal value of exchange-traded funds will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

What Benefits Do ETFs Offer?

Because a single share of an ETF represents an entire portfolio of investments, ETFs offer a way to diversify that could be cost-prohibitive for investors to achieve by directly purchasing the underlying investments.

need a broker to buy ETF shares and typically have to pay a commission.

Call today to discuss whether ETFs deserve a place in your portfolio.

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before invest-

ing. 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.

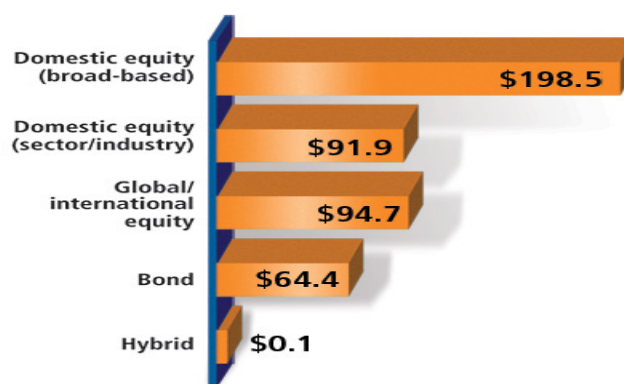
1-2) Investment Company Institute, 2009

3) Investment Company Institute, 2007
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Up and Coming

In 2000, ETFs held \$65.6 billion in assets. In 2009, the figure is substantially higher at \$449.6 billion. Here's how these assets are divided (in \$ billions).



Source: Investment Company Institute, 2007, 2009

Investors can use ETFs to target specific indexes, sectors, or types of securities to match their financial goals. Diversification does not eliminate the risk of investment losses; it is a method used to help manage investment risk.

Typically, ETFs are passively managed and, as a result, may offer lower expense ratios and greater tax efficiency than mutual funds. Also, there are no sales loads or minimum investment amounts associated with ETFs; however, investors usually

What's New at Brandywine

Please welcome the newest member to our team, **Jill Monteleone**, Client Service Associate.

Jill will be spearheading our marketing support arm and helping Raymond with all client requests. Jill's extension is 10 and her email address is:

jmonteleone@brandywinefinancialgroup.com



Solutions ~ Foundation ~ Independence

From Raymond's Desk

Goodbye Summer! Hello Football season! At the end of last year I took a shot and said, "maybe we (the Eagles) would get a new quarterback this next season." Well we sure did, Michael Vick! I almost fell out of my chair when I heard that news.

I started reading a new book this past week, "*Blackwater*." It is about the rise of the worlds most powerful "private" army. I cannot put it down! Did you know that there are almost as many "private" military personnel in Iraq as there are US Military personnel? I had *no* idea! Take a look at the book: <http://blackwaterbook.com/>. Yes, from time to time I do pull myself away from the financial news, magazines and articles that I receive on a daily basis to read non-financial information, it is a nice break!

From Jill's Desk

Hello! My name is Jill Monteleone and I am the new Client Services Associate at Brandywine Financial Group! To properly introduce myself, I thought I would tell you a little bit about me. I grew up in Blue Bell, PA, where I lived for 23 years, and attended Wissahickon High School, where I graduated in 2001. Then I went to Philadelphia University, where, in 2005, I earned my Bachelors Degree in Fashion Merchandising. In 2007 I moved to Lederach Golf Club, in Harleysville. My backyard is situated by the beautiful and sprawling 12th hole, which is, if you are familiar with the course, a par 5 and it is over 550 yards; making it, I believe the longest hole on the course! I have not played golf since high school but I anticipate starting again next spring.

I am also a newly recruited flyers fan as of 2007! I can finally say I understand why people are such die-hards, when it comes to sports! My other interests include traveling to warm sunny places, all types of puzzles, gardening, decorating and organizing.

I'm looking forward to giving you the best service I can to make your experience, here at Brandywine, better than ever! If you are in the West Conshohocken area, stop in to the office! I would love the opportunity to meet you and to introduce myself. I hope to meet you soon! Thank you!