



**Brandywine
Financial
Group, Inc.**
A Registered Investment Advisor

Brandywine's Daily Plan-It

SEPTEMBER 2011

SPECIAL POINTS OF INTEREST:

- **Attention Small Business owners!** Find out why settling on a smaller salary can benefit your financial future!
- Take a closer look at individual life insurance policies. See which one will most benefit your families needs!
- Check out some of the advantages of purchasing guaranteed living benefits with your Variable Annuity!

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Settling on a Salary

It's somewhat disheartening that 40% of working Americans believe they will never save enough money to retire.¹

There may be nothing you love more than running your business today. However, you may not be willing and able to stay involved forever, and there could come a time when your interests or passions lead you elsewhere.

When your company's bottom line improves, it may be tempting to give yourself a raise and use the extra money to enhance your current lifestyle. But if you want to be in a position to finance your retirement dreams, you may want to think about how you can use some of your business proceeds to benefit your financial future.

Good Time to Grow

Owners may work the longest hours, but for better or worse their paychecks come from whatever is left after other business expenses are paid. One rule of thumb is that no more than 50% of the profits should be taken as salary, but more may be required to meet personal needs during lean times.

As revenues grow, consider whether it might be beneficial to forego a certain amount of salary

and reinvest back in the business. Modernizing equipment or facilities, hiring new employees, or ramping up marketing efforts could help boost your company's productivity, market share, and future profits.

Budgeting for Benefits

Depending on how your business is organized, you may be able to take advantage of personal tax benefits by deferring some salary and contributing to a qualified retirement plan. It may also be

help you to lighten your tax burden, grow your business, and save for a comfortable retirement.

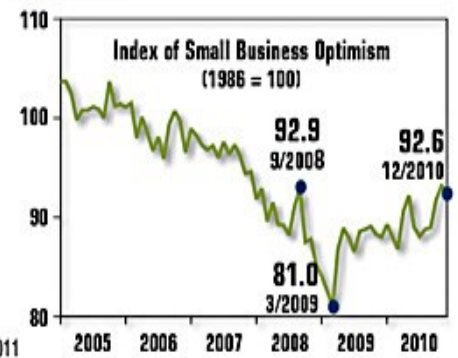
- 1) CNNMoney, April 13, 2011

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Looking at the Bright Side

The Index of Small Business Optimism reflects the opinions of small and independent business owners who are surveyed about their hiring, spending, and expansion plans; expected credit conditions; current inventories; earnings trends; and other economic issues influencing their prospects for the future.

Source: National Federation of Independent Business, 2011



worthwhile to devote some resources to funding other types of workplace benefits such as life, health, and disability insurance for both you and your employees.

Of course, you own a business so you will have the income you need to live well today. But it might be possible to choose a salary and benefits that could also

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Bring Your Life Insurance Home from Work

Only 44% of American households have individual life insurance — a 50-year low.¹ Perhaps this is because life insurance is a fairly common employee benefit. However, relying on a group policy through your employer means that the coverage could end if your job situation changes.

An important reason to own life insurance is to replace your lost income and provide your survivors with a source of cash (up to the policy limits) to help them pay living expenses. One way to help insulate your life insurance coverage from the unpredictability of your employment situation is by purchasing an individual policy. Depending on the type of policy you select, you may be able to obtain coverage for a specific number of years or for life.

Temporary Protection with an Expiration Date

As the name suggests, *term life insurance* offers a death benefit if the insured dies within the covered time period, which could range from one to 30 years. The death benefit is typically not subject to federal income tax, unless the employer pays the premiums.

Term life generally has a lower premium than permanent life insurance, particularly at the beginning of the term. With some term policies, the premium adjusts each year, whereas with others the premium remains fixed for the full term. You may be able to continue coverage beyond the original term at a higher premium, or even convert to a permanent policy (subject to age restrictions and policy minimums) while the policy is in force.



Lifetime Protection with No Expiration Date

Permanent life insurance offers lifetime protection and a guaranteed death benefit as long as you keep the policy in force by paying the premiums. Although the premium is higher than for term insurance, it typically remains level for the rest of your life.

A portion of the permanent life insurance premium goes into a cash-value account, which accumulates on a tax-deferred basis at a minimum guaranteed rate for the life of the policy. You may be able to borrow against the cash value during your lifetime to help pay for retirement or other needs.

Withdrawals of the accumulated cash value, up to the amount of the premiums paid, are not subject to income tax. Loans (as long as they are repaid) are also free of income tax. Loans and withdrawals from a permanent life insurance policy will reduce the policy's cash value and death benefit. Any guarantees are contingent on the claims-paying ability of the issuing insurance company.

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 in-

urance, 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. And if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Ask yourself whether you are willing to stake your family's financial future on group coverage that could change unexpectedly. An individual policy could help prevent gaps in your coverage.

1) LIMRA, 2010

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Using Living Benefits for Retirement Income

In a 2011 study by the National Institute on Retirement Security, 84% of respondents expressed concern that current economic conditions could affect their ability to retire comfortably, and 73% said stock market volatility makes it difficult to predict how much they could save by retirement.¹ Clearly, uneven market performance has increased anxiety about having an adequate retirement income.

Pensions once offered a stable income for a large percentage of retirees, but this has changed dramatically. In 1975, almost nine out of 10 private-sector workers had a traditional pension, compared with just one out of three in 2005.²

Purchasing the guaranteed living benefits that are available with some variable annuities (for an extra cost) is a potential way to establish a predictable income stream. Some investors may find that the increased stability may be worth the cost of these guarantees.

Guaranteed minimum accumulation benefit. The value of the annuity will not fall below a certain amount (usually equal to the amount of premiums paid, regardless of market performance) after a specified term.

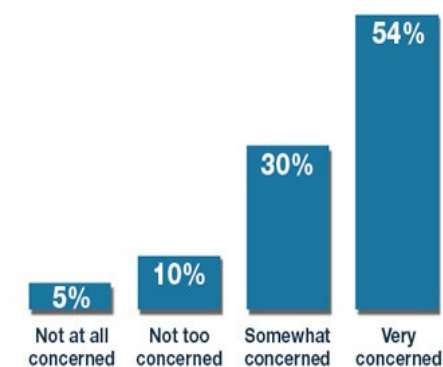
Guaranteed minimum income benefit. The income payment will be based on the greater of the actual contract value or a minimum amount. Benefit payments can begin after a specified waiting period.

Guaranteed minimum withdrawal benefit. A percentage of the annuity premiums paid can be withdrawn annually for a defined period of time (including life, if specified), regardless of market performance.

A variable annuity is a long-term investment vehicle designed for retirement purposes. There are contract limitations, fees, and charges associated with variable annuities, which can include mortality and expense risk charges, sales and surrender charges, investment management fees, administrative fees, and charges for optional benefits.

ECONOMY SPURS RETIREMENT CONCERNS

Here's how Americans age 25 and older responded when they were asked: "How concerned are you about current economic conditions affecting your ability to achieve a secure retirement?"



Source: National Institute on Retirement Security, 2011

Withdrawals reduce an annuity's living and death 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. The investment return and principal value of an investment option are not guaranteed. Because variable annuity subaccounts fluctuate with changes in market conditions, the principal may be worth more or less than the original amount invested when the annuity is surrendered.

Variable annuities 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 variable annuity contract and the underlying investment options, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1–2) National Institute on Retirement Security, 2011

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What's New at Brandywine



From Ray's Desk

Today is, September 26th, and it is Paulie's Birthday today, he is 1. I thought he was a little lonely, so Sarah and I got him a brother a few weeks back. We got a Miniature Pincher, his name is "Sonny" and he is a whopping 4 pounds. Paulie enjoys the company during the day (Yes, he told me that) and they play together all the time.

In August, I discussed the price of Gold and Silver and how I felt it was way overvalued at that point. Well since then they have both dropped from their peak over 20% and continuing their decent. Most of the recent run up in those commodities has been all speculation and this drop has been expected. Equities still have not found their footing, they did rally for a short time in September, only to pull back again due to the lack of swift action by the European leaders. I hope for our sake they begin to feel a sense of urgency and put a plan in place to relieve some of the current stress. The markets in the very short term are oversold, and if/when we get a bounce, we are going to take that opportunity to lighten up on the equity side of the portfolios.

And now on to our situation in Washington, as I am talking with folks, more often the question arises, "Who is this Herman Cain?" In the most recent Republican debate aired on CNN, Herman Cain buried Texas governor Rick Perry. Perry is the one who has shown he has inadequacies, with the charge of "treason" he leveled at Fed Chairman Ben Bernanke. He is the one who was expected to win the Florida straw poll. So much for Perry's arrogance. Herman Cain blew him away on presentation and merit.

Why? Because Cain is not a professional politician. He is a businessperson, and he gets his ideas across with straight talk.

Does this liven up the Republican primary race? Undoubtedly! Will Herman Cain be a national topic of discussion? If he is not already, he will be very very soon.

What is key? America is now open to new faces and new ideas. This is tied to the ongoing rejection of the professional incumbents of either party. Americans are disgusted with Democrats who have failed us and Republicans who have failed us. We are tired of professional politicians who put their re-election ahead of the interests of the nation. Moreover, we, as Americans, are angry. We are getting ready to throw them out, regardless of party. We have had enough of failed government. Failed government comes from the House and the Senate and the White House. Failed government comes from Democrats and Republicans.



What's New at Brandywine



From Jill's Desk

There is one reason and one reason only that I am able to deal with the harsh reality that summer is really over: The Philadelphia Flyers! For those of you who are new to our newsletters, you will quickly find out a couple of things about me: I am obsessed with the Flyers, decorating, my iPhone, doing crossword & jigsaw puzzles, little doggies (especially Yorkies & Pomeranians), and Law & Order: SVU... scratch that, I basically love all shows having to do with crime & law. What I do not like is fall because fall means that summer is over and winter is coming, but thankfully, about 5 or 6 years ago I was invited to a Flyers game and quickly became a huge fan, so now I have something to look forward to on the upcoming dark, cold days that winter brings.

The regular hockey season has not started yet and I've already been to two games. I think I may be the only person in the world who gets this excited about pre-season hockey! Last Monday, I took my boyfriend Jeff, my sister Vickie and her boyfriend Dan, to the Flyers vs. Rangers game and we had a blast. Jeff and I sat in the second row, next to the Rangers bench and Vickie and Dan sat in the second level (which they didn't mind because they aren't diehard fans and the tickets were free, courtesy of me!).

Before the game, we walked over to the Phillies stadium for the Flyers Early Bird Pre-Game BBQ, that I received free tickets to from the guy who sold me our tickets. I wasn't sure what to expect because the passes just said "pre-game BBQ." When we walked through the gates, we saw huge lines of people everywhere so I thought the food must be free...boy, was I wrong! The food and drinks were not free and people were not waiting in line for either food or drinks. They were waiting in line to get pictures and autographs from some of the players! I turned around and saw one of them standing 4 feet away from me! I was too excited to wait in line, plus I didn't have anything for the players to autograph, so I just stood there and took pictures of the players with other people!

Monday night set the "expectation bar" pretty high. Not only did we get to see the players up close in person and get their pictures, we also had really great seats... AND the Flyers won! Hooray!

