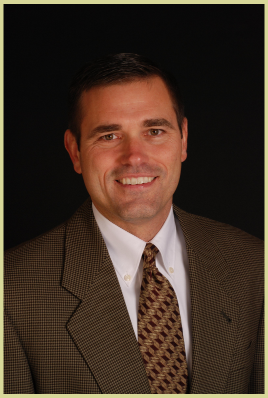

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Another quarter-year has gone by... hard to believe!

I've included some information in this newsletter that I trust will be helpful as you consider year-end investments and tax-planning. One other item to consider is converting pre-tax investments to a Roth IRA. This could be appealing if your income is lower in 2011 than it normally is, and if you have available cash to handle the tax implications of any amount you convert.

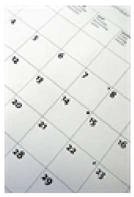
Many of you have already spoken with Dawn Phillips, my new assistant. She started around Labor Day and has been an incredible addition to the team! You will benefit from her competency and helpful attitude... I already have.

Enjoy the time of season change, and how it ushers in the holidays! Thanks for your business and referrals!

-John

October 2011

Five Year-End Tax Planning Considerations



Legislation passed in December of 2010 extended lower tax rates, deductions, and other expiring provisions for an additional one to two years. As a result, you can consider 2011 year-end tax planning moves with a relative degree of certainty. Here are five things to keep in mind.

1. Tax rates unchanged

The same six federal income tax rates that apply this year will apply next year (these are the same rates that applied in 2010). So, depending on your taxable income, you'll fall into either the 10%, 15%, 25%, 28%, 33%, or 35% rate bracket. The rates that apply to long-term capital gains and dividends also remain unchanged; long-term capital gains and qualifying dividends continue to be taxed at a maximum rate of 15% in 2011 and 2012. If you're in the 10% or 15% income tax bracket, a special 0% rate will generally apply.

2. AMT "fix" expires at end of year

While 2010 regular income tax rates as well as the rates that apply to long-term capital gains and qualifying dividends were extended through 2012, the latest in a long line of alternative minimum tax "fixes" (in the form of increased AMT exemption amounts) is effective only through the end of this year. So, if AMT is a factor in your year-end planning, potential year-end moves are somewhat complicated by the uncertainty of the AMT for 2012. Of course, many expect another AMT "fix" for 2012, but as things stand today, AMT exemption amounts will drop significantly for 2012, increasing the reach and impact of the AMT in 2012.

3. Retirement plan contributions

Traditional IRAs (assuming that you qualify to make deductible contributions) and employer-sponsored retirement plans such as 401(k) plans allow you to contribute funds pretax, reducing your 2011 taxable income. Contributions that you make to a Roth IRA (assuming you meet the income requirements) or a Roth 401(k) plan are made with after-tax dollars, but qualified Roth distributions are completely free from federal income tax, making these retirement savings vehicles very appealing. For 2011, you can contribute up to $16,500 to a 401(k) plan ($22,000 if you're age 50 or older), and up to $5,000 to a traditional or Roth IRA ($6,000 if you're age 50 or older). The window to make 2011 contributions to an employer plan closes at the end of the year, while you generally have until the due date of your federal income tax return to make 2011 IRA contributions.

4. Retirement plan distributions

Once you reach age 70½, you're generally required to start taking required minimum distributions (RMDs) from any traditional IRAs or employer-sponsored retirement plans you own. Take any distributions by the date required--the end of the year for most individuals. The penalty is steep for failing to do so: 50% of the amount that should have been distributed.

Note: *The year 2011 may be the last opportunity for individuals age 70½ or older to make qualified charitable distributions of up to $100,000 from an IRA directly to a qualified charity. These charitable distributions can be excluded from your income, and count toward satisfying any RMDs that you would otherwise have to take from your IRA for 2011.*

5. Expiring provisions

Barring additional legislation, 2011 will be the last opportunity to take advantage of some expiring provisions:

- "Bonus" depreciation and IRC Section 179 expensing limits drop significantly in 2012.
- The increased (100%) exclusion of capital gain from the sale or exchange of qualified small business stock (certain requirements, including a five-year holding period, apply) will not apply to qualified small business stock issued and acquired in 2012.
- The credit for energy-efficient improvements made to your home expires at the end of 2011. The credit is limited, however, and you may not be able to claim a credit for 2011 if you've claimed it in past years.

Before investing in a mutual fund, you should carefully consider its investment objectives, risks, fees, and expenses, which can be found in the prospectus available from the fund. Read it carefully before investing. And don't forget that any investment involves risk, including the possible loss of principal, and there can be no assurance that any investment strategy will be successful.

To produce a figure that indicates the value of the aggregated securities, an index divisor is typically applied to produce a more manageable figure that is easier to quote than the index's actual value.

All about Indices

No doubt you've seen headlines reporting that a particular index is up or down. But do you know how an index works, and why understanding the nuts and bolts of a specific index can make a difference to your portfolio?

An index is simply a way to measure and report the fluctuations of a securities market or a particular segment of a market. An index is developed by a company that sets specific criteria to determine which securities are included in the index--factors such as a company's size or location, or the liquidity of its stock. For example, the S&P 500 is a collection of large-cap U.S.-based companies that Standard and Poor's considers to be leading representatives of a cross section of industries.

The company that develops the index tracks the performance of its components and aggregates the data to produce a single figure that represents the index as a whole. Virtually every asset class has at least one index that tracks it, but because of the size and variety of the stock market, there are more stock indexes than any other type.

How indices are used

In addition to providing valuable information needed to monitor how a particular market is faring, an index can serve as the basis for mutual funds or exchange-traded funds that attempt to replicate its performance; that process is known as indexing. An index also can be used as a benchmark for funds that invest in the same asset class, regardless of whether a fund includes the same specific securities. Finally, some investment products do not attempt to replicate an index's performance but represent a bet on the index's general movements, though such investments can be challenging and are not appropriate for every investor.

You can't invest in an index

You cannot invest directly in an index. You could always purchase each and every security in the index and do the necessary trading to ensure that the portfolio continues to mirror the index, but the financial services industry has saved you the trouble. As noted above, investment products such as index mutual funds and exchange-traded funds are used by investors to try to capture a particular market's performance.

However, an index-based investment may not match the return of an index exactly. One reason is what's known as "tracking error." Costs such as taxes, operating expenses (even minimal ones), and transaction costs can differ among mutual funds. As a result, your return may be slightly different from that of the index or even other funds based on the same index, even though most index funds try to keep tracking error to a minimum.

Indices don't stay static

Though an index adheres to a set of guidelines for selection of the securities it includes, the company that oversees the index generally reviews the security selection periodically. For example, some indices are rebalanced if an individual security grows so large that it dominates the index. Others have a limit on how much of the index can be devoted to a particular sector or industry, and rebalance if the proportion gets skewed. And in some cases, an index is altered because of serious problems with one of its components (for example, Flowserve Corp. replaced Washington Mutual Inc. in the S&P 500 after WaMu was closed by the Office of Thrift Supervision in 2008).

Weight watching

Even indices that include the same securities may not operate in precisely the same way. Why? Because different indices may weight the relative importance of the same securities in different ways. The way an index is weighted determines how much of each individual security is included in it--for example, how many shares of stock. That weighting in turn can affect the overall index's performance.

Some indices are weighted based on market capitalization; the companies with the highest market cap (total value of stock outstanding) make up a larger share of the index than companies with a smaller market cap. As a result, those companies can have a disproportionate impact on the performance of an index weighted by market cap. For example, a 10% decline in the price of the largest company in the S&P 500 index would affect the index's overall return more dramatically than a 10% drop in the price of a much smaller company, because the S&P 500 is weighted by market cap.

Other indices are weighted by price; the most expensive stocks receive greater weight than lower-priced stocks. The Dow Jones Industrial Average, which includes 30 large, blue-chip industrial stocks and is commonly referred to as the Dow even though there are several Dow indices, is price-weighted. A relatively new approach to weighting an index is to use certain fundamental attributes, such as dividends or cash flow, as the basis for weighting the stocks that comprise the index.

Dave Ramsey's Endorsed Local Providers

Can You Get to a Million Dollars?

In planning on how to get to $1 million, you should generally consider how much you have now, how much you can contribute in the future, how much you might earn on your investments, and how long you have to accumulate funds. But remember, there are no guarantees--even when you have a clearly defined goal. For example, the market might not perform as expected, or you may have to reduce your contributions at some point. Review your progress periodically and be prepared to make adjustments when necessary.

Often in life, you have investment goals that you hope to reach. Say, for example, you have determined that you would like to have $1 million in your investment portfolio by the time you retire. But will you be able to get to a million dollars?

In trying to accumulate $1 million (or any other amount), you should generally consider the current balance of your investment portfolio available to meet your anticipated future need, any additional contributions that you anticipate you can make to your investment portfolio, any amounts that you can earn on your portfolio, and the time that you have to do so.

Current balance--your starting point

Of course, the more that you have today, the less you may need to contribute to your investment portfolio or earn on your investments over your time horizon.

Time (accumulation period)

In general, the longer your time horizon, the greater the opportunity you have to accumulate $1 million. If you have a sufficiently long time horizon and a sufficiently large current balance, with earnings you may be able to reach your goal without making any additional contributions. With a longer time horizon, you'll also have more time to recover if the value of your investments drops. If additional contributions are required in order to reach your goal, the more time you'll have to target your goal, and the less you may have to contribute.

The sooner you start making contributions, the better. If you wait too long and the time remaining to accumulate funds becomes too short, you may be unable to make the large contributions required. In such a case, you may need to consider whether you can extend the accumulation period--for example, by delaying retirement.

Rate of return (earnings)

In general, the greater the rate of return (ROR) that you can earn on your investments, the more likely that you'll reach your investment goal of $1 million. The greater the proportion of the investment portfolio that comes from earnings, the less you may need to contribute to the portfolio. Earnings can benefit from long time horizons and compound rates of return, as returns are earned on any earlier earnings.

However, higher rates of return are generally associated with greater investment risk and the possibility of investment losses. It's important to choose investments that meet your time horizon and tolerance for risk. And be realistic in your assumptions. What rate of return is realistic given your current asset allocation and investment selection?

Amount of contributions

Of course, the more you can regularly contribute to your investment portfolio (e.g., monthly or yearly), the better your chances are of reaching your investment goal of $1 million, especially if you start contributing early and have a long time horizon.

Contributions needed

Now that we've reviewed the primary factors that affect your chances of getting to a million dollars, let's consider this question: At a given rate of return, how much do you need to save each year to reach the $1 million target? For example, let's assume that you anticipate that you can earn an annual rate of 5% (to be compounded monthly) on your investments. If your current balance is $500,000 and you have 20 more years to reach $1 million, you actually do not need to make any additional contributions (see scenario 1 in the table below), but if you only have 10 more years, you'll need to make annual contributions of $13,956 (see scenario 2). If your current balance is $0 and you have 30 more years to reach $1 million, you'll need to contribute $14,754 annually (see scenario 3), but if you only have 20 more years, you'll need to contribute $29,873 annually (see scenario 4).

Scenario	**1**	**2**
Target	$1,000,000	$1,000,000
Current Balance	$500,000	$500,000
Years	20	10
ROR	5%	5%
Annual Contribution	$0	$13,956

Scenario	**3**	**4**
Target	$1,000,000	$1,000,000
Current Balance	$0	$0
Years	30	20
ROR	5%	5%
Annual Contribution	$14,754	$29,873

Note: *This is a hypothetical example and is not intended to reflect the actual performance of any investment. Actual results may vary. Taxes and inflation are not considered.*

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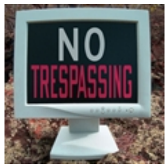
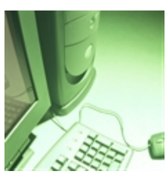


What happens to my online accounts when I die?

These days, using a personal computer is just a normal part of life. You may have e-mail or online accounts that require a password, or you may have pictures, videos, or documents stored online or on your hard drive. You may even maintain a blog or website. Like your physical assets, these "digital" or "cyber" assets can have both sentimental and economic value. Chances are, nobody else knows your cyber assets even exist, and if they do, they may not know where those assets are stored or how to access them. It's important that you make plans for the disposition of your cyber assets in the event of your incapacity or death. If you don't, your survivors may have to deal with time-consuming and costly searches, or worse, the assets may be overlooked and lost altogether.

What happens to your cyber assets at your death depends on what type of asset it is, and while the laws regarding cyber assets are not well settled, there are some broad guidelines. Domain names, once registered, become your personal property under property law, and your websites and blog content are yours under federal copyright law. These types of cyber assets are clearly defined by law and are transferable to your heirs (e.g., through your will). On the other hand, certain online accounts, such as e-mail accounts, Facebook, Twitter, eBay, or PayPal, may not be classified as property in the legal sense; you are merely given a license by the website when you agree to its terms of service. Under these terms of service, transferability of your accounts may be limited or even prohibited altogether. Terms of service vary widely from site to site. Some sites, such as YouTube, will allow persons with legal power of attorney to access your accounts, and they post instructions on how to do so. Other sites, such as Facebook, will put your accounts into a "memorial state." Many sites, however, will terminate and permanently delete your accounts upon notification of your death. You should read and understand all terms of service and make any necessary legal arrangements so your heirs will have access to your accounts.

Note: On the flip side, you may have certain private accounts to which you want to ensure that no one is given access and which will be terminated immediately upon your death.



How do I include my cyber assets in my estate plan?

Your cyber (or digital) assets may have sentimental and/or economic value, and you should consider including them in your estate plan. Here's how:

1. Identify your cyber assets. They include (a) domain names, websites, and blogs, (b) photos, videos, and documents stored on sharing sites such as Flickr, YouTube, and Google Docs, (c) e-mail accounts, (d) online bank, credit card, investment, and other such accounts that typically require a password, (e) accounts with online companies such as Facebook, Twitter, and eBay, and (f) documents, spreadsheets, photos, and other such items that are stored on your computers, hard drives, DVDs, smartphones, flash drives, and other offline or online servers or backup servers.
2. Understand which assets are transferable to other persons and which are not. Your domain names, websites, and blogs are transferable under property and copyright laws; however, your online accounts may or may not be transferable, depending on the online site's terms of service (you may merely have a license). Read all terms of service to understand what can be done with the account upon your death. You will find that many accounts will automatically terminate upon notice of your death, and other accounts, such as one on Facebook, may be put into a "memorial state."
3. Inventory your cyber assets. List all your assets indicating (a) where they are located, (b) how they are accessed, including URLs, usernames, and passwords, (c) what you wish to have happen to the asset at your death (e.g., transfer to an heir, terminate, memorialize), and (d) who will be responsible for carrying out those wishes (e.g., spouse, executor). Refer to but do not include this inventory in your will, because wills become public and this is private information. Put it in a safe place and let others know of its existence.
4. Include specific bequests of certain valuable cyber assets (domain names, websites, blogs) in your will, and execute powers of attorney for those accounts that will require it.