

HOW TO EARN A DEGREE SUMMA CUM LAUDE IN PLANNING FOR THE COSTS OF EDUCATION

You've heard the phrase "it's never too late"? Well, Ron and Polly LeBlanc prove that it's never too early, at least when it comes to saving for a college education. By the time the ink for the identification print has been washed off a new grandchild's tiny foot, the LeBlancs have started planning to cover the cost of educating that student-to-be. We often receive a photo of the newborn right from the hospital, with a request to start paperwork.

The LeBlancs have two daughters, a growing brood of grandchildren, and a strong dedication to the worth of a good education. They also understand the value of starting early—when a baby gets his SSI number, for instance. If you think tuition costs are high *now*, just wait 'til the youngest grandchild and cohorts are ready for higher ed.

With a family as close as the LeBlancs are, the parents and the grandparents all are actively involved in saving for college. We work with both generations together to be sure that everyone agrees with and understands the what, whys, and hows of plans.



And why a 529 might be your #1 choice to help.

Qualified tuition programs —known as 529 college savings plans —are very popular because they offer tax advantages and flexibility.

Set up by the federal government, they're implemented by the states, and since many states offer more than one plan, more than 100 are available. However, the funds are invested and managed by experienced financial companies.

- **Federal taxes** are deferred on contributions, and earnings are tax-free if the money is used for the beneficiary's qualified costs of education.

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Right On The Marcus

News, Information, And Updates For
Our Valued Clients and Friends
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A Chat With Chet

Spending a few days in May with Warren Buffett and 28,000 of his closest friends amid a horde of media folk was great preparation

for yet another bout of market volatility. If there's any way to prepare for headline-grabbing losses, it's to hang out with the Oracle of Omaha and take his advice to heart.

His advice always *is* close to my heart—I'm sure I don't have to explain why.

Here we are on the roller coaster again. This time the trigger seems to be the sub-prime lending market, but we've seen the same sort of situation often—September 11, the Asian tsunami, the tech bubble in 2000-03, the China drop (and rebound) earlier this year, and....well, you know that extremely predictably unpredictable routine.

(continued on page 3)



Your guide to the good life

Once a year, Omaha, Nebraska, becomes the most exciting, sophisticated, and alluring spot in the financial world. (Well, it may be more often, but we're aware of just one time.) This year it was May 6, for Berkshire Hathaway's day-long annual shareholders' meeting in Qwest Central Arena.

More than 28,000 Berkshire Hathaway shareholders and guests saw the highly-regarded company movie and heard Warren Buffet and Charlie Munger field questions from individual shareholders for six hours, interrupted only by a forty-five minute lunch break.

During a session unique in corporate America, Buffet and Munger—two of the richest and most powerful financial experts in the world—patiently, thoughtfully, and respectfully answered questions posed by ordinary people in queue at twelve microphones around the arena. They covered a wide variety of topics, including the future leadership of their renowned firm.

Access to the meeting itself was strictly controlled and no photos or recording was allowed, but Debbie did a great job of documenting the many other activities, none of which the Marcus clan missed.

*Ken Dooks, Chet, his mother, sister Ellen, and Debbie (behind the camera) try to decide which they prefer of five spiffy private corporate jets that are available for BH's NetJets time-share ownership. Now **that's** the way to travel! But Ken, a CPA, doesn't seem completely convinced that it'll pay for itself.*



The Marcuses' Excellent Adventure With Warren and Bill



(and friends)



Chet and his mother, Helen, were interviewed for the 2008 Berkshire Hathaway shareholders' meeting movie, a production that rivals Hollywood blockbusters (especially with these stars).



I'll see your billion...

and raise you two billion.

Sunday brunch included literal fun and games. Debbie kibitzed at a bridge duel in which Warren Buffet and Bill Gates played with the game's reigning grand masters. (Notice how seriously Bill Gates is pondering Debbie's advice on his hand.)

Buffet and Gates also played ping-pong against the world champion table tennis player for her age group—an eleven year old girl.



Nothing is forever — except stamps

You've heard about the forever stamp, which is valid for first-class postage no matter what the rate and never expires or declines in value.

Right now a first-class stamp costs 41 cents, and none of us will be surprised if there's another increase fairly soon.

But before you rush out and **2** stock up on a large number of



these stamps, remember that postal rates have increased more slowly than the actual rate of inflation in the last thirty or so years.

The forever stamp is convenient because it saves you from having to add two- and three-cent stamps when rates change, but it isn't a truly good investment.

(Of course, we're certainly doing our best so that our clients don't have to worry about savings a few cents, or even a few dollars, now or ever.)

If you'd like to help conserve the nation's supply of stamps and save a few trees, we'd be happy to send your newsletters to you by email. Simply email a request to JoAnn at joann.middleton@raymondjames.com.

529 college savings plans (continued)

- **Many states** offer income tax incentives for residents.

- **Contribution limits** may be as high as \$250,000 or \$300,000.

- **Anyone can open** a 529 plan, regardless of income.

- **You may change** the beneficiary of your account to a qualified family member, and once a year you may roll over the money in your account to another 529 plan without penalty.

- **Funds from** a 529 plan can be used at any accredited college in the U.S., and some plans allow the money to be used for graduate school as well.

- **There are** estate-planning advantages with accelerated gifting, a feature attractive to grandparents who wish to contribute for a grandchild.



A lump sum gift of up to \$60,000 (\$120,000 for a married couple) can be free of gift tax if it's treated as equal installments over five years, and the giver makes no other gifts to the beneficiary in that time.

When you're choosing a plan, there are several key features to consider.

- **The tax benefits** in your state

- **Available investment options**
The best will offer a wide variety of vehicles, including money market, income, and growth funds suited to your risk tolerance.

Most plans have age-based portfolios that adjust to become more conservative with time.

- **Fees** and expenses

- **The reputation** of the financial institution managing the funds

We're happy to help you make sense of the many alternatives and options available so you can select and tailor one that's truly right for you and your family. Of course you should discuss any tax or legal matters with the appropriate professional.

Tuition is rising into the stratosphere as we write, so please contact us if you'd like to discuss or set up a 529 plan.



**A man should not need to sit
on an electric fence just to learn
he shouldn't do it.**

—Will Rogers

(more of the Chat With Chet from page 1)

What do you suppose Mr. Buffett is doing with *his* portfolio about now? I know that he made some major purchases this year, many in the past few months, so is he in panic mode because the prices today are lower than when he began buying? Au contraire: he most likely is buying more when prices drop, which he thinks of as assets going on sale. He's in it—as we all should be—for the long haul. He doesn't waste time worrying about the market values of his holdings from minute to minute, day to day, or even week to week; neither should we.

Mr. Buffett is a strict disciple of Benjamin Graham, considered the father of value investing. *The Intelligent Investor*, Graham's book written in 1949 and updated in 1972, is the only reference that Mr. Buffett quotes repeatedly. Mr. Buffet has learned from Mr. Graham what we've learned from Mr. Buffet: investing and speculating are two vastly

different exercises. Investments promise safety of principal and a satisfactory return, and are defined by minimal risk of massive loss along with a realistic potential return. Without those attributes, all else is speculation. When you combine this thinking with a personalized asset allocation model that takes your risk tolerance into consideration, you're most likely able to accept today's (and tomorrow's, and next year's) news of volatility in stride.

I think that wry smile that W.B. had while playing bridge may be exactly the look he has today, sitting on good amounts of cash and wondering just what bargains he can pick up now. My mom has the same look at times—but that's at a flea market in Florida. She's a bargain hunter as well, though perhaps not quite in a class with Mr. Buffett. (Don't tell her I said that, she thinks she's better.)

The Day That Fenway Moved To Beverly

Going to the Red Sox' Opening Day at Fenway is a cherished ritual, and as we have a passing interest (it passes nearly everything else) in the Sox, we weren't about to miss the event.

It started with JoAnn's idea of having an office cookout and watching the game. Somehow it ended up just a bit more involved than that.

in the comfort of Soma, the terrific restaurant next door.

Nick Paras opened just for us and provided fabulous food and hospitality. And we'll bet those sitting in the cold at Fenway didn't have pomegranate martinis, Cuban sandwiches, or door prizes.



It was all her fault.

JoAnn draws another door prize.



Jack and Cecilia Kirkman



Warren Appell celebrates Our Team's win.



Bill and Linda Mufflemann



Instead of battling traffic and parking, buying expensive tickets, eating mediocre food, and sitting in the rain, our entire staff and a number of our clients and colleagues watched the game on big screen televisions



There is hope for world peace. Or is Chet simply acting as Anthony Fusco's bodyguard?



If you own property or hold assets in more than one state, your estate may have to deal with ancillary probate—and that is not a pretty thing. You might want to review your estate planning with us or your attorney to be sure that you have addressed this issue, which can be extremely costly if not handled properly.

You also should take time to determine—and prove—which is your primary residence. The effort is worth it, since capital gains and income tax consequences can be considerable.

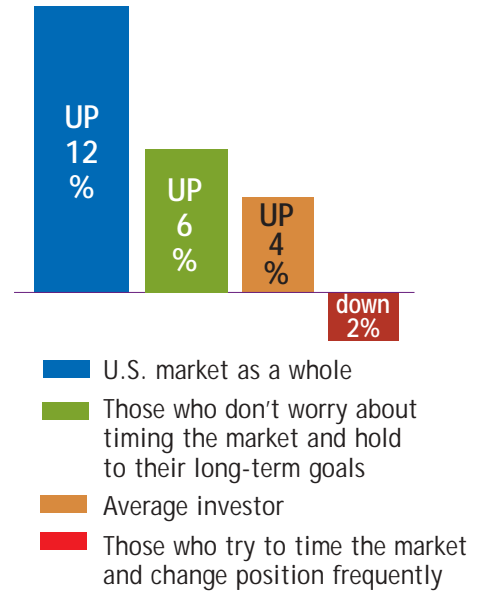
Patience is a virtue (and it pays)

Women represent half of the nation's workforce, 42% of people with assets over \$600,000, and are expected to be half of the successful business owners in this new century.

What an eon is to geology, a decade is to the stock market. Long-term planning and holding assets long enough are what bring you the best results. This shows you the average rates of return from the market over the past twenty years.*

Although we aren't allowed to show you our exact statistics, we know that overall our clients have better returns even than the average savvy investor who doesn't panic when the market burps.

* statistics from Dalbar, the industry's leading source for ratings and rankings



Debbie's enthusiasm for backpacking lets her get high—and here's the proof, a photo of her at 4,083 feet, the summit of Camel's Hump in Vermont.



Patti has been named to the board of directors for the Essex County Estate Council.

The Council, a member of the National Association of Estate Planners and Councils, is a professional group that promotes cooperation, education, and high standards in estate and business planning.



SOME OTHER BROKERS ARE PLAYING CATCH-UP ON LOWER COMMISSIONS

At the end of last quarter, two bank broker-dealer firms announced, with great pride and fanfare, that they're cutting back or capping their commissions on variable annuities.

Big whoop. This is old news for Raymond James clients, since RJFS was the first to offer even more reasonable commission costs early last year. As part of the change, RJFS made their changes, cut and capped commissions at 5%, and completely overhauled their contracts with annuity holders.

We're pleased to welcome the brokers to the group—better late than never.

If you have questions about your coverage or would like to explore adding a variable annuity to your insurance package, please give us a call.



Top left: LuAnn and Jim Faber
 Top right: Patti and John Donlan
 Bottom left: Chet with Tony Caponi and Emily Matthews
 Bottom right: Kevin Smith, Paula Guilbalt, Larry Guilbalt

The changing of the art

Each quarter we showcase an artist in our office, and we recently held a reception at the close of Martha Everson's exhibit.

At the moment our walls are graced with the lively water-colors of Ann Fisk of Rockport.

Feel free to stop by and feast your eyes on the fruits of her talent.



It's Two, Two, Two Talks In One (Conference)

Each year, Raymond James Financial Services holds a national conference for professional development, and Raymond James' top management invite a small number of those they consider their top advisors to make presentations to share what has helped their practices to grow and succeed.

The 2007 conference is this September in Nashville, and Chet has been asked to give not one but *two* presentations, a rare and distinct honor.

Given his personality and his Toastmasters' training, you can be sure that he'll provide useful professional information in an entertaining manner designed to keep the conferees wide awake and listening closely. They respect good entertainment in Nashville—let's just hope we don't lose him to the Grand Old Opry.

- Here, take my mobile phone and go through my contact list. Who would you call if it were an emergency, I was injured or ill and couldn't talk, but you needed immediately to notify someone close to me?

- A paramedic who faced this dilemma at accident scenes—most of the people he was treating had their cellphones with them, but no one know which number to call if the patient couldn't communicate—has devised a simple answer that's much better than eeny meeny miney mo—ICE.

On your phone's contact list and/or speed dial, program the name and number of the person or people who should be contacted *In Case of Emergency*. Just add an ICE entry—or ICE1, ICE2, ICE3, and so on if more than one person should be alerted.

There's an effort underway to make this concept recognized and used nationwide, so please program your phone—and then call a few people to pass on this simple but ingenious idea.



Todd, Chet, Debbie, and Patti, just waiting to help you.
 (When this was taken, JoAnn and Dawn already were busy helping people elsewhere.)

What's in a name?

Well, in this case, convenience.

Everyone seems to like the new format for the Raymond James statements, and here's another little benefit to help you stay organized: if your accounts are linked, you can assign each of them a specific name.

Just let us know if you'd like to use this individualization.



Avoid mistakes to make the most of your IRA

You have to pay attention to quite a few forms, time constraints, and shifting requirements for your IRA if you want to avoid making mistakes that can cost you or your beneficiaries money.

- Be sure to complete an indirect rollover within 60 days.
- Check and follow the spousal continuation requirements; not all IRAs have the same rules or definitions.
- Name a beneficiary, and then periodically review and update that designation if it needs to be changed.
- Make your beneficiaries aware that they can stretch their IRA distributions.
- If you inherit an IRA, check to see whether you can transfer it to a non-spousal beneficiary, and be sure to name a beneficiary to succeed you.
- Don't overlook income-tax deductions on inherited IRAs.
- Once you've retired, choose a plan of your own rather than leaving assets in an employer-sponsored plan.

We're always happy to go over your plan with you to make sure that you've covered all the bases and that everything is up to date.

The taxes, they are a'changing.

The Small Business and Work Opportunity Tax Act of 2007, effective for taxable years that began after May 25, 2007—the 2008 tax year for calendar year taxpayers—contains an increase in the reach of the “kiddie tax” rules.

This change is actually bigger than most folks think or know, and you ought to be aware of it if you have children with unearned income.

These special taxes can apply to the net unearned income of children, generally if a child under the age of 18

has unearned income over \$1,700 (that's the figure for 2007). If the rules do apply, the portion of the child's unearned income over that amount is taxed at the child's parents' marginal tax rate, assuming the parents' rate is higher than the child's.

This new law expands the rules to apply to children who are 18 years old or who are full-time students over 18 but under 24. The tax applies only to children whose earned income isn't more than half of their support.

Other provisions in this tax act include:

- Changes to the Work Opportunity tax credit
- Increased limits on Section 179 expensing
- Modified tax credit for FICA taxes on tips, to compensate for the increased federal minimum wage
 - New subchapter S rules
- A new option for married couples who operate joint ventures
 - Modified penalties

Please call us if you have questions on how or if any or these changes affect you or those in your family.

Note that tax laws may change at any time and could have a significant impact on each person's situation. While we're familiar with the tax provisions of the issues we present here, as RJFS financial advisors we aren't qualified to give advice on tax or legal matters.



Chet and Ken Mooradian, championship flight winners of the Quechee Club's annual member-member golf tournament—a biggie of which Chet is justifiably proud.

An individual living on a fixed income for the last 20 years would have 54% of the purchasing power today that s/he had in 1987.

— Department of Labor



Dawn and Jake (on the left, in white) striding along during last year's Walk For Jake's Sake.

Dawn Cobak and her son Jake are going for a walk, and they'd like you to come along, literally or figuratively.

Jake, now 3^{1/2}, was diagnosed with autism at 20 months old.

On Sunday, October 14, Dawn, Jake, and many other people will be doing the second Walk for Jake's Sake at Suffolk Downs in East Boston to help fund autism research, and they're looking for sponsors. All the money goes to Autism Speaks to support their research, awareness, and advocacy efforts. Last year Jake's team of 21 walkers raised more than \$9,000—they're shooting for even more this time.

Jake even has his own website page for the walk—www.autismwalk.org/goto/forjakessake—and it's easy to give on-line. You also may send checks payable to Autism Speaks to Dawn at the office.

Autism spectrum disorder—a developmental disorder that's characterized by impaired social interaction, communication problems, and severely limited activities—is the fastest-growing childhood disease in the country, affecting more kids than cancer, diabetes, and AIDS combined. Nevertheless, annual funding is less than 5% of those less-prevalent diseases.

Here in the northeast, one in every 122 children is diagnosed with autism annually; nationally, it's one in 150 births. Each year it increases 10% to 17%; in the 1990s, the US population grew by 13%, but autism increased by 172%.

Jake has made good progress with intensive treatment since his diagnosis, but funding research is vital to his continued improvement—and that of the estimated more than a million other children with autism. More money for more research offers more of a chance of finding the causes of this disease—and perhaps a cure.



I go to preschool five hours a day, and then have therapy. Saturdays I go horseback riding—my favorite horse is named Klaugen. — Jake

He's Toast.

Chet is the new president of the Beverly chapter of Toastmasters International, a non-profit organization that helps people develop public speaking and leadership skills through practice and supportive feedback.



Debbie (center, bottom row), recently was installed as president of the Manchester-Essex Rotary Club.

COMING EVENTS

How To Help Aging Family Members

The challenge of being a parent to parents or older relatives can be enormously stressful for all concerned, so at our next seminar we'll have experts to give you suggestions for dealing more effectively with elder care matters.

Geriatric care specialist Eileen Berman will cover considerations such as:

If the best decision is to have your parents stay in their home (where most of them want to be), how can you help be sure that they're safe and well-cared for there? She'll discuss determining what level of care is needed, the finances of in-home care, and some ideas for creative problem solving.

For those living far from their family, she'll address how to be an

effective caregiver from a distance. You'll learn about available resources as well as how to get organized and create a team.

Attorney Anthony Fusco will provide information on the legal aspects and options you need to consider, and how to go about them. He'll discuss health care proxies, powers of attorney, and other relevant legal documents.

Tuesday, September 25
Herrick House
89 Herrick Street
(on the campus of Beverly Hospital)
5:00 PM

Learn About Paying For Learning

Tuition. Now *there's* a word that strikes terror into many hearts—and budgets.

However, paying for education just got a little easier. There have been a lot of recent changes, many of them quite positive, and we'll tell you about them.

Please contact JoAnn at joann.middleton@raymonjames.com or 978-921-1686 to let her know if you're interested in attending either or both seminars.