TIME TO SAVE WITH CHRIS OR DAVE

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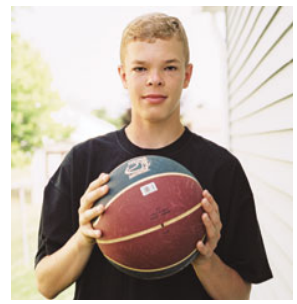
Inside this issue:

"I walk into the gym and I still get chills."

~Greece Athena High School Basketball Player Jason McElwain

Jason "J-Mac" McElwain's senior year at Greece Athena High School did not start out too well. After trying out and being cut from the varsity basketball team for the third time, Coach Jim Johnson decided to bestow upon him the honorary title of team manager instead. As the season began, Jason accepted his lesser role with pride and worked diligently at every practice to make sure that his classmates were as prepared as best as possible for all the games. As thanks for his continued dedication to the team, Coach Johnson told Jason that he would try to find a few minutes of playing time for him in an actual game. As the season wore on, and the games became ever the more important, it didn't appear that Jason's dream would be realized. But, then, on February 15, 2006, with three minutes and eleven seconds left in the fourth quarter, Coach Johnson tapped J-Mac on the shoulder and inserted him into a game. As Jason excitedly rushed onto the court, Coach Johnson whispered a small prayer to allow Jason to score just one basket. A few moments later, his wish was granted and a big smile went across his face. But then something truly remarkable happened. Jason's teammates intentionally started passing him the ball each and every time they went on offense. And each time, Jason would score another basket, then another, and another. As the final buzzer sounded, J-Mac had tallied twenty points, six of them for three pointers, and would finish the game as high scorer in what would become the only high school contest he would ever play. The crowd, in amazement of what they had just witnessed, erupted in applause as his teammates stormed the court and carried him off on their shoulders. The story and video of this truly remarkable feat quickly spread to all the major news outlets.



What made this particular story so inspiring is Jason McElwain was diagnosed at a very young age with autism. Autism is one of a growing list of physical and mental disabilities that we continue to learn and hear about affecting young children. As research and treatment centers on early diagnosis, it is bittersweet to find kids like Jason that have such an optimistic and upbeat attitude towards life. For Jason turned his disability into a positive for himself and those who knew him and did not allow his difference from other children to be used as an excuse. Today, I wanted to take a brief moment of your time to talk about some of the wonderful life lessons we can take away from Jason's story. I also wanted to highlight some of the important differences between planning for those with special needs versus those without.

To begin with, in every newsletter I try to stress the importance of being prepared and to plan for life's expected and unexpected difficulties. In the case of children with special needs, the challenge of planning becomes ever the more important. Before I continue with the rest of my discussion though, I would just like to stress that no two individual's

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situations are the same. As such, everyone should seek out individual and specialized advice to address their unique situation.

The first major difference between planning for most people and planning for those with special needs applies to government benefits. Many of you may be currently receiving government benefits in one form or another such as Social Security Retirement, Supplemental Security Income for the blind and disabled, Medicare, or Veteran's Hospital medical care. Could you imagine if your benefits were taken away from you because of how much you made or owned? Well, that is exactly what can happen to those with special needs. As such it is very important not to place assets in a special needs child's name, nor give them monetary gifts as this may disqualify them from government benefits. One way to protect a child from a loss of government benefits is to establish a special needs trust.

In general, trust agreements are legal documents between three parties. A trust is usually designed to transfer property from one party to another party for the benefit of a third party. For example, say you have a single mother with a child that has Down's Syndrome. Knowing that if the child owns any assets this will disqualify them from governmental benefits, how do you protect the child's care should anything happen to the parent? Well, you do it by way of a trust. Let's just say that the mother's sister has agreed to take care of the child in the event of the mother's death. When the mother died, she owned a $500,000 life insurance policy. Now, most people would just name their children as beneficiaries on life insurance policies and retirement plans. But, in this case, we know the child would be unable to manage the money. Another possibility would be to name the sister as the beneficiary. But in that case, the sister could technically spend the money on herself and not on the child. By establishing a trust, it prevents this situation from happening because the trust document specifically outlines that the money be set aside and used for the child's care only. To fund the trust, you just name it as the primary beneficiary on the life insurance policy. So, at the mother's death, the $500,000 will go into the trust. A trustee is then named who is in charge of making sure that the money properly follows the wording of the trust and is not used for any other purposes. It also prevents the government from ceasing benefits as well because technically the money is not in the child's name, but is in another entity's name and being managed by a third party. (I should emphasize that trusts are not only for those with special needs. There are many other types of trusts for estate planning purposes. Some of the more common are revocable living trusts or irrevocable trusts. If you are contemplating or wanting to protect assets at your death in a special manner, you may want to visit with a financial planner or estate planning lawyer as there may be a trust to meet your specific need.)

One way to protect a child from a loss of government benefits is to establish a special needs trust.

Besides using a special needs trust and not naming the special needs child as beneficiary on any life insurance policy or retirement account, another meaningful and unique tool is the establishment of a letter of intent. A letter of intent is a unique summary of how the child has gotten to this point in their life so that the person who steps in to continue their care can do it as seamlessly and easy as possible so as not to disrupt the child's care. A letter of intent is broken down into several key areas. In particular they are: where the child should live, a realistic vision of the child's educational capabilities, their goals of employment, a description of their medical history, condition, and care, how best to manage their behavior, where to locate important financial documents, and what social/recreational activities work best. To expand on this a little further a letter of intent may describe if the child is allergic to certain foods, or has a specific routine. Likewise, maybe there are certain agencies, support groups, doctors, and therapists you have come to know and trust. This document would also detail certain medications, exercises, and a list of any small bank accounts, trust, and life insurance policies the child may own. While most parents shouldn't need to complete a letter of intent for their children, it is probably a good idea for

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parents of special needs children due to the amount of thought and detail that goes into their daily care.

While governmental benefits, beneficiary designations, and a letter of intent are just a few things to consider with special needs children, what other lessons can we take away from Jason's story? Well, first of all; always be prepared. Although Jason never had played in a game for three years; if he didn't practice shooting baskets with the team on a regular basis, he would never have scored twenty points when he finally did get the chance to play in a real game. As such, even though the odds of certain situations happening in life are slim, like premature death, becoming disabled, or having a life changing accident or healthcare diagnosis, we all must prepare in case it actually happens. Waiting until it does happen is too late.

A recent example of being prepared prior to something happening would be what happened in the stock market in early August. As the debate raged in Washington over raising the debt ceiling and the possibility of a downgrade by one of the major credit rating agencies, stocks declined quickly and violently as investors sold positions first and asked questions later. What amazed me is that some investors acted like they had never prepared for such a moment or they had ever experienced a slowing economy before. Although no one can accurately and consistently predict future events, having your portfolio prepared for numerous economic events is a more solid investment strategy than panicking at the first signs of stress.

The second inspiring lesson we can take from this moment is there is nothing in life you cannot overcome. All too often I read stories or surveys about the percentage of Americans who don't think they will be able to retire or they aren't saving enough or the future of this country is hopeless. To that I say hogwash. For every story of woe, I can relate a story of great courage, hard work, and belief in oneself to achieve the American dream. Anything is possible in life and in this country, as long as you put the time and effort into it. The Greatest Generation or those that served in World War II proved that complaining doesn't solve anything; doing is what matters most.

The last lesson I think we can learn is the opportunity to make a difference in the lives of others. I doubt Jason or Jason's coach knew he was going to score twenty points on that February day and the extent or impact his story would bring to autism awareness. The truth is while some moments in your life may seem small and insignificant, they can have a lasting impact on others. For example, just taking the time to write a will, purchase a life insurance or long term care policy, or analyzing which pension benefit to take can make all the difference in the world to others. I know the world is hectic and there are only 24 hours in a day, but just stop for a moment and imagine how you or your family's life would change if you lost your job, health, or ability to work. If you do have a list of worries or concerns and are unsure of how to tackle them, please don't hesitate to give Chris or myself a call because we have acquired the knowledge to help people in these particular matters every day.

As you can see, Jason's inspiring story can be viewed from many different angles and it did bring a chill to me as I read about it. Perhaps the greatest inspiration of all though is, whether you are doing life planning for yourself or those with special needs, the key is simply spending a little bit of time to prepare. Truly special things can happen if you do. Jason McElwain's story is one such example. If Chris or I should ever be able to assist you in any way in regards to investment, insurance, retirement, tax, or estate planning, please don't hesitate to give one of us a call.

Many of you will be receiving a packet of information from your employer between now and the end of the year to decide on what benefits to elect starting January 1, 2012. Over the past year, I have noticed many people who require additional life insurance or were not taking advantage of a Flex Spending Account to reduce your federal income taxes. If you would like to review your employer benefits when you receive your packet, please don't hesitate to give either Chris or myself a call.

Website of the Quarter

For some reason, and hopefully you will agree with me, but I've noticed that the number of telemarketing calls have started to increase again at my house. This made me remember that the Do Not Call legislation that was enacted several years ago was only valid for five years. As such, if you want to remain on the list, you will need to enroll again. For PA residents, you may want to visit www.attorneygeneral.gov/dnc.aspx and sign up again. Or you can call 1-888-777-3406.

While you are doing that, you may also want to visit the National Do Not Call registry at www.donotcall.gov.

And, finally, are you tired of receiving credit card offers in the mail? You can eliminate most of them too by calling 1-888-567-8688 or by going to www.optoutprescreen.com.

KID'S CORNER

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Find these hidden words:

Trust

Taxes

Dreams

Gold

Money

Future

Special

Payroll

Benefits

Tax Tips
(Things that make you go hmmm?)

Each year the Social Security Administration does a thorough audit to determine the solvency of the program. As of 2011, the benefits being paid out to retirees are exceeding the taxes being collected from employee and employer payroll deductions. The situation is so bad that if no changes are made to the program, the Social Security Trust fund will run out by 2036 at which point no one will receive social security benefits any longer. In response to this dire situation, what did Congress elect to do? Well, this past year they voted to reduce the Social Security tax from 6.2% of your pay to 4.2%. That's right. To shore up Social Security they reduced the amount of taxes being put into the program by 2%. Doesn't quite make sense does it? Won't this decision make the trust fund run out faster and your ultimate benefit lower?

To rectify this matter, may I suggest that anyone who is still working to take an additional 2% of their pay and save it in some sort of retirement account. The reason why I say this is the government will be looking at ways to reduce future benefits over the next several years. If you expect your retirement to be highly dependent on Social Security income, you might be putting yourself in a precarious position by making your financial future pursuant to the government managing tax collection and social programs responsibly. Personally, I believe saving the 2% break the government provided to you in a personal or retirement account is a better way to go. The key is making the effort to do it. Your future depends on the decisions you make today. Chris and I hope you will consider saving in some manner and doing it through us because we don't want to see you in the same situation that our government is in today.

"There's GOLD in dem thar hills!"

The recent spike in the price of gold this past summer reminded me of a similar event in our nation's history, namely the great California gold rush of 1849. Basically, after gold was found at Sutter's Mill, news quickly spread whereby thousands of individuals packed up their belongings and traveled west in hopes of striking it rich. Unfortunately, most individuals ended their quest with little more or less than they brought with them. Those who profited the most from this event were the merchants like Levi Strauss who sold prospectors denim overalls, picks, shovels, and pans and those companies that invested in expensive extracting machines.

There is a famous saying that "those who forget the past are doomed to repeat it." And, I think there is a very important lesson in this story that can be applied to today. That lesson is there is a big difference between being a speculator and an investor. Let me explain.

In 1849, those that traveled West were speculators. All they knew was if they found gold, they would be rich. Ultimately, that was their plan. Fast forward to 2011. I can't go anywhere without people talking about gold. The truth is the price of gold has gone from $1,421 an ounce on January 1, 2011 to $1,712 an ounce on August 25, 2011 and is one of the few investments to rise in value so far this year. Speculators tend to only look at the short term price trend of an asset before determining whether or not to buy.

On the other hand, investors look at gold from a more analytical perspective. They see the recent spike in gold not so much the result of supply and demand, but more by people manipulating and believing that the price of gold can only go up in value. We saw this same attitude back in 2000 when everybody needed to own technology and internet stocks and several years later when everyone needed to own a home, no matter how expensive.

My suggestion is to think objectively before getting into gold. Gold, like any asset, can go up and down in value. Yes, we are currently in an uptrend. But, that does not mean that that trend will continue forever. If you don't understand the market forces behind owning gold as an asset and are only looking at the price, please understand there is more to investing than this alone. As Benjamin Graham, the teacher who taught Warren Buffett once said, "speculators are almost certain to lose money." (page 262) If the past is our guide, this is most often true. If you are wondering of alternative ways to possibly profit from this gold trend, please don't hesitate to give one of us a call.

Important Dates to Remember

November 6, 2011- Daylight Savings Time Ends

November 24-25, 2011 - Thanksgiving - office closed

December 22, 2011 - Winter begins

December 25, 2011 - Christmas Day

Final Word From Dave

To tie into the theme of this newsletter, at this time, I wanted to congratulate my cousin, Renee Lutz. In July she was honored as being one of Pittsburgh's 50 Finest for her work and dedication to raise donations for the Cystic Fibrosis Foundation.

I also wanted to mention two wonderful people as well, Jennifer and Del "Buster" Suppo. Jennifer is a special needs teacher who just received her Doctorate from West Virginia University. Jen and Buster are actively involved with an autism awareness organization called ABOARD.

If you would like to donate your time or money to either of these or any other wonderful charitable organizations, please visit:

www.cff.org/LWC/ReneeLutz
http://aboard.web.officelive.com/supportABOARD.aspx

And, finally, you may have noticed that the newsletter has finally been upgraded to color. We hope you find the updated version more professional. Thank you so much for your continued business and if you should have any suggestions to make the newsletter better, please don't hesitate to let me know.

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