



Welcome to our June edition of Directions.

**June 2011**

### What's New at our Practice

#### *Bookkeeping & Payroll Services*

In an effort to continually upgrade our service to meet the needs of clients, we are pleased to announce the addition of bookkeeping & the return of payroll services to our offering.

We now have a dedicated support staff to help small business owners in a more complete and thorough way, by integrating this service directly through our team in the office. Please let us know if we can help, or if you would like more information about either of these services.

#### *Welcome Jerry Putman & Janice Tonti*

We are pleased to announce the addition of Jerald Putman & Janice Tonti to our staff. Jerry will serve as our resident CPA. He earned his CPA credential in 1971 and has been a trusted colleague of Jason & Sonia's for many years. He specializes in working with small business owners, busy executives, & non-profit return preparation.

Janice Tonti also works with business owners and individuals to help in integrating future tax planning considerations with their preparation. She has over 20 years experience as an accountant.

#### *Mid-Year Market Update & "Night at the Movies"*

Join us for a special Client "Night at the Movies" at the Orinda Theater on Thursday, July 21. The festivities start at 6:30pm and will include

### Also...

#### *Client Event:*

***"Night at the Movies" & Mid-Year Market Update***



**Thursday July 21 at  
6:30pm. Space is Limited!  
RSVP soon! [RSVP Here](#)**

***Read the Mid-Quarter Market***

an economic update from one of our portfolio managers & a private screening of Larry Crowne, starring Tom Hanks & Julia Roberts.

We will also be holding a Silent Auction for several items to benefit the American Cancer Society's Relay for Life in memory of Lillian Lea who passed away last year. If you are unable to attend but would like to donate directly to our cause, the website is:

[www.relayforlife.org/elcerritoca/](http://www.relayforlife.org/elcerritoca/)

## Food For Thought

### *The Importance of Retirement Transition Management*

Traditional saving for retirement aims to accumulate assets until reaching the fabled day of deciding to retire. Market volatility & longevity risk can be difficult risk to plan for using the traditional tools of acculation alone.

Our practice can help you build a protection infrastructure into your retirement investment planning. What we call Retirement Transition Management typically begins 10 years pre-retirement and lasts through at least the first half decade of being retired. Let us know if we can help, or if you would like a second opinion to "stress test" your current plans.

### *Featured Blog: [Slowdown, Meltdown, or Short-term Correction?](#)*

Even in times of minor correction, we as individual investors feel the jitters of volatility. I always compare the emotion tied to investment for the individual to the feeling of being on a rollercoaster—markets go up and we have that feeling of anticipation and exhilaration, and as they fall it quickly turns to terror. It can be very hard to divorce one's self entirely from the emotional side of investing. [READ MORE](#)

### *Should you Purchase Long Term Care Insurance & When?*

For all of the protection you can build into retirement assets, the one that often goes most overlooked and can cause the most carnage is the risk of a major medical event. The cost of Long Term Care

## Commentary



Mid-Quarter [Market Commentary](#)

insurance can be high, & there are a plethora of options that can be built into these contracts--including whether and if the benefits grow with inflation.

The answer to whether or not you should look at purchasing this kind of insurance depends on the rest of your finances and your ability to sustain the exorbitant cost of care. We can help you determine if you need it, how much you may want, & which carriers you should be insuring with.

### **Featured Wealth Management Thought:**

#### ***Planning Moves to Impact your 2011 Taxes***

For those not on extension, the W-2s, 1099s, charitable contributions and other tax documents have been collected and filed. However, even if you filed an extension, there are tax planning steps to take now for your 2011 return that may have a significant impact for you.

According to the Internal Revenue Service (IRS), the average tax refund for the 2011 filing season is a welcome \$2,985.<sup>1</sup> Before your head starts buzzing with refund-worthy purchases that you'd like to make, consider these five tips for making your tax refund work for you in the long run.

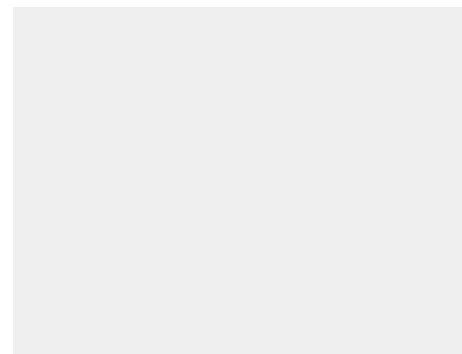
1. **Consider filing a new W-4.** If you received a hefty refund, it may be a good idea to file a new W-4 with your employer to adjust your withholding, or if you owed a significant amount, got married or divorced, had a baby or if your child can no longer be claimed as a dependent for tax purposes. A financial advisor can provide a long-term investment strategy to help you save extra money throughout the year and make it work for you in the future.
2. **Put in the market.** Despite the rollercoaster market of the last few years, history has shown that equity exposure can provide pretty nice returns when invested for the long run. Just a few hundred dollars can get you on the path to a comfortable retirement. Credit Suisse Research Institute's newly-released 2011 Global Investment Returns Yearbook

showed that stocks beat bonds over 111 years in the 19 countries studied. The research showed that globally stocks had an annual real return of 5.5% compared to 1.6% for bonds. However, financial advisors suggest investors have a diversified portfolio with a mixture of 'riskier' stocks, 'safer' bonds, commodities and alternative investments - all of which showed a real annual return of 4.5% in the United States, according to the study.<sup>2</sup>

3. **Fund your nest egg.** The best piece of advice for refund receivers nearing retirement is to put it directly toward their retirement nest egg, for example, by placing refund dollars in a short-term bond fund and the rest in a stock index fund with large, dividend-paying stocks.<sup>3</sup> Or consider putting some funds in a money market account, while also increasing your 401(k) payroll deduction. A recent USA Today article explains that the money market savings can offset a smaller paycheck due to 401(k) payroll deductions. Putting your money bit by bit into your 401(k) can be considered dollar-cost averaging, allowing you to buy more shares when prices are low and fewer when prices are high. This can also increase your chance of receiving a full company match. The pre-tax withdrawals won't hurt either and can lower your tax bill for next year.
4. **Go green at home.** Reinvesting some of your tax refund into your home can save you money in 2012. Investing in energy-efficient windows, appliances or solar panels can not only lower energy costs, but can help increase your home value and the chance of receiving possible government subsidies. Take, for example, a solar water heater. While they can cost \$3,000 to \$5,000 a pop, purchasing a solar water heater could save 20% on your monthly electric bill, and it give you a tax-credit for next year totaling 30% of the cost.<sup>4</sup> Make necessary repairs to maintain the value of your investment and enjoy a nicer - greener - home!
5. **Invest in you.** Consider advancing your personal and professional skills to improve your chances of climbing the corporate ladder – or for unemployed Americans, to make themselves more viable candidates for employment. Enroll in a course at the local university to learn a new skill and enhance your knowledge, or invest in a new

computer to advance your skills in today's digital age.

If 2011 left you in need of a much-desired treat or retreat, don't deny yourself! Just take caution to also invest your refund wisely so the money can work for you in the future. Call our office today to learn how to invest your tax refund for the long run.



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