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Money and the Battle of the Sexes

In a survey of affluent married couples, 56% of husbands said they were the primary financial decision makers, but only 20% of wives said their husbands took the lead when it came to money matters.¹

In fact, 61% of the women said they made financial decisions jointly, whereas only 42% of the men reported that they made these decisions with their wives.²

In other words, a majority of married couples have different ideas about money. No surprise there.

When it comes to your financial situation, are you and your spouse on the same ledger page? Miscommunication in this area can lead not only to confusion, but also to some unpleasant consequences.

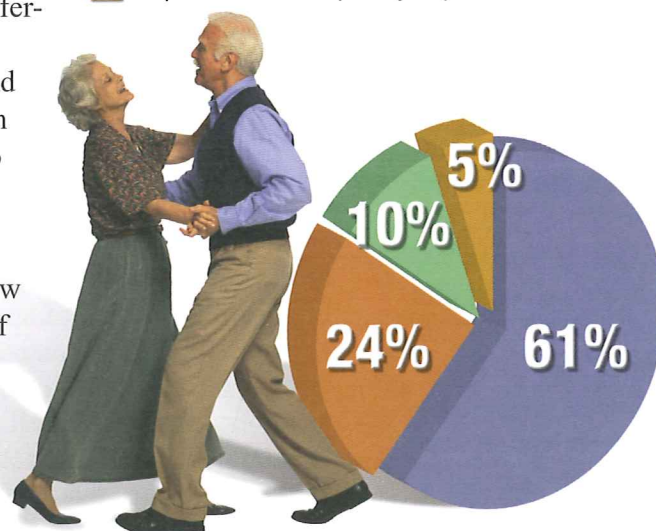
Retirement Ready?

When it comes to retirement, what couples don't know about each other can hurt them both. More than 30% of couples responded differently to questions about when they were going to retire, the kind of retirement lifestyle they were seeking, and whether they planned to work in retirement.³ Different expectations about these matters can easily lead to a situation in which a couple's retirement savings may be inadequate to provide the lifestyle they both desire. *(continued on page 2)*

How Deep Is Your Pool?

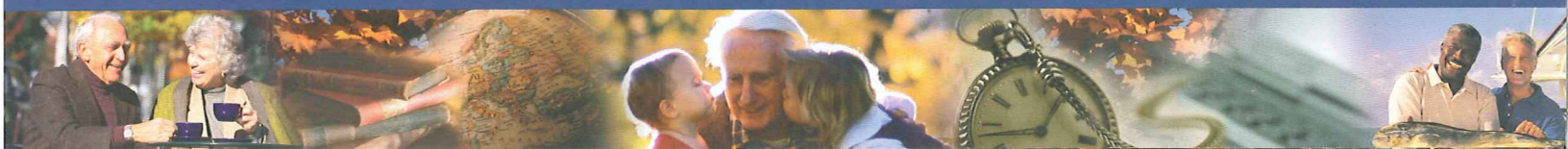
Affluent couples, more than half of whom include spouses who work full-time, were surveyed about how they pooled their financial resources.

- Pooled household finances completely
- Pooled most finances, but retained separate accounts
- Pooled only some household finances
- Kept finances completely separate



Source: *Financial Planning*, June 2007 (survey of households with more than \$500,000 in investable assets)

INSIGHTFUL IDEAS FOR YOUR FINANCIAL WELL-BEING





Money and the Battle of the Sexes

(continued from page 1)

In fact, 62% of the couples who did not make financial decisions jointly were unprepared for many aspects of retirement, including not having a current will, the appropriate insurance policies, and other adequate estate conservation arrangements.⁴

Death Is Not the End (of Financial Troubles)

Unfortunately for couples who neglect to discuss financial issues, the pain of losing a spouse can be compounded by financial headaches. Unless both parties are fully informed about the family's finances, the surviving spouse could be left with a confusing mess. This could cause bills and taxes to go unpaid, bank and retirement accounts to become lost, and insurance policies to lapse. The survivor could also miss out on collecting any death benefits that are owed to him or her.

When both spouses are informed about the household finances, it can reduce the potential for mistakes, misunderstandings, and lost opportunities. It can also help ensure that both spouses are prepared to fund a comfortable retirement.

1-2) *Financial Planning*, June 2007

3-4) *Business Wire*, April 17, 2007

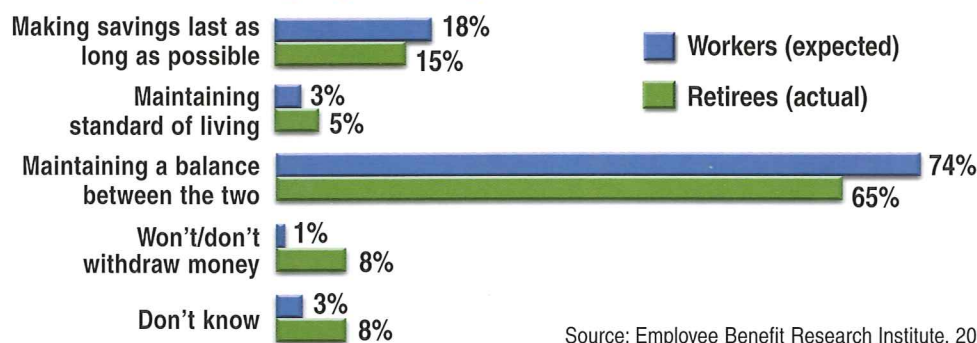
Maintain Your Standards

When it comes to withdrawing money from their savings and investments, 65% of current retirees seek a balance between maintaining their standards of living and trying to make their savings last as long as possible.¹

A majority of workers and retirees believe that they can always cut back on their retirement lifestyles if it looks as though they might use up all their savings.² Are they overconfident in their ability to manage financial risks in retirement?

Fortunately, there is a financial vehicle that pre-retirees and retirees can rely on to provide a guaranteed income that can last a lifetime or for a specific number of years: a fixed annuity.

Goals When Managing Savings Withdrawals in Retirement



Source: Employee Benefit Research Institute, 2007

Income You Can Count On

A fixed annuity is an insurance-based contract that can be funded with a lump sum or through regular payments. In exchange, the insurance company will pay a guaranteed income based on certain variables and the type of income payouts desired.

The income amount is determined by a number of factors, including the amount of the initial contract, the predetermined rate of return, and the number of years that payments will be made. You can elect to begin receiving an income immediately or at some point in the future. The income can last for your lifetime, or for your lifetime plus the life of another person. You can also elect to receive an income for a certain number of years, beginning right away or in the future. If you decide to take payments over your lifetime, you will receive payments based on the previously mentioned factors, as well as your gender and age.

Annuities have contract limitations, fees, and expenses. Most annuities have surrender charges that are assessed when an annuity is surrendered during the early years of the contract. In addition, withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty. The guarantees of fixed annuity contracts are contingent on the claims-paying ability of the issuing insurance company.

Few things in life come with guarantees. If you are looking for a steady stream of income to combat the uncertainty of retirement, a fixed annuity might be an appropriate addition to your portfolio.

1-2) 2007 Retirement Confidence Survey, Employee Benefit Research Institute

Giving for the Greater Good

In 2006, there were no major natural disasters like Hurricane Katrina and the Asian tsunami, yet Americans donated a record \$295 billion to charitable causes, topping the \$283 billion they donated in 2005.¹

Philanthropy is a time-honored tradition. When you utilize a structured giving strategy, your efforts can help reap greater benefits for you, your heirs, and your favorite charity. Two popular methods for leveraging charitable gifts involve the following types of trusts.

Charitable Remainder Trust

When money, securities, property, or other assets are placed in a properly structured charitable remainder trust, the donor (or a beneficiary) receives any income generated by the trust. When the trust expires, a designated charity receives the assets that remain.

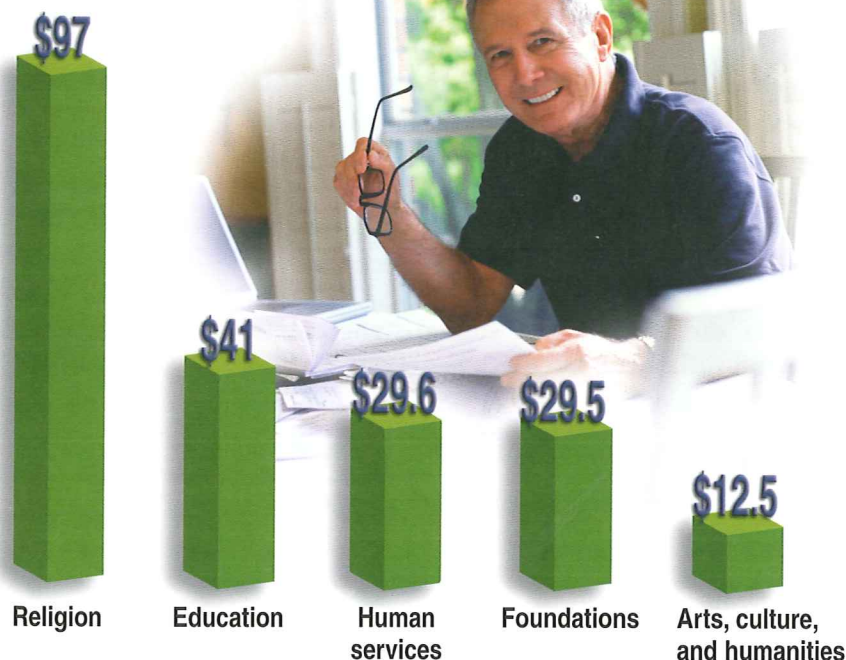
For the donor, there are several potential tax benefits. Assets placed in the trust may be partially deductible for income tax purposes. Upon the donor's death, trust assets are not subject to estate taxes, because they are no longer part of the donor's taxable estate. Finally, any appreciated assets in the trust are also exempt from current capital gains tax.

Charitable Lead Trust

This type of trust essentially works in the opposite way. The charity receives any income generated by the trust. When the donor dies, the remaining assets are distributed to the designated heirs. A properly structured charitable lead trust can help reduce the donor's estate tax liability.

You Gave, They Received

The top five recipients of charitable giving in 2006 (in \$ billions)



Sources: Giving USA Foundation, 2007; CNN, June 25, 2007

Keep in mind that donations to both types of charitable trusts are irrevocable; therefore, the assets cannot be withdrawn once the trusts are formed.

Not all charitable organizations are able to use all possible gifts, so it is prudent to check first. The type of organization you select can also affect the tax benefits you receive.

The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of

an experienced estate conservation professional and your legal and tax advisors before implementing such strategies.

Hopefully, the current trend of charitable giving will continue. We can help you create an arrangement that benefits not only your favorite charitable organization, but you and your heirs, as well.

¹) Giving USA, 2007

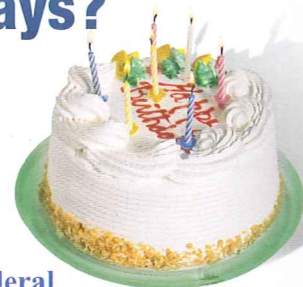




FINANCIAL FUNDAMENTALS

What Do You Know About Important Birthdays?

By the time you reach retirement age, you've spent many years contributing to society. It's time to get something back. Uncle Sam has some tax benefits in store when you reach certain ages. See how much you know about these important birthdays.



1. You can start taking penalty-free withdrawals from IRAs and qualified retirement plans at age 59½ when certain conditions are met. If you withdraw funds from these plans before this age, you may be subject to:
A) A 5% penalty on the value of the entire account.
B) A 10% federal income tax penalty on the amount withdrawn.
C) A 20% penalty for each year under age 59½.
D) An audit.
2. What is the earliest age you are eligible to start receiving full Social Security benefits?
A) 62
B) 65
C) 72
D) It depends
3. You are able to enroll in Medicare at age 65.
A) True
B) False
4. You could face a 50% federal income tax penalty if you fail to take annual required minimum distributions from most tax-deferred retirement plans starting at what age?
A) 59½
B) 70½
C) 72½
D) 75½

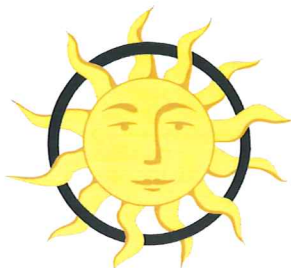
Answers:

1. **B) A 10% federal income tax penalty.** Remember that withdrawals from tax-deferred plans are generally taxed as ordinary income.
2. **D) It depends.** You are eligible to start collecting partial Social Security benefits at age 62. To receive full benefits, you must wait until your "full retirement age," which ranges from 65 to 67, depending on the year you were born.
3. **A. True.** You are eligible to enroll in Medicare at age 65. Medicare Part A hospital insurance benefits are automatic for those who are eligible for Social Security. Part B medical insurance benefits are voluntary and have a monthly premium.
4. **B) 70½.** Required minimum distributions are calculated according to life expectancies determined by the federal government.

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Do you and your spouse discuss financial matters? Are you both on the same page? Call today if you have questions about your retirement readiness.

For help with your financial decisions,



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