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Write On The Money

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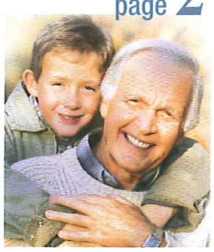
Kensington Financial Services
"Your Planning Partner"

The Millionaire Next Door

Managers and educators are the two most prevalent careers among individuals worth $1 million to $5 million (not including their primary residences).

Source: *Journal of Financial Planning*, July 2008

Inside:



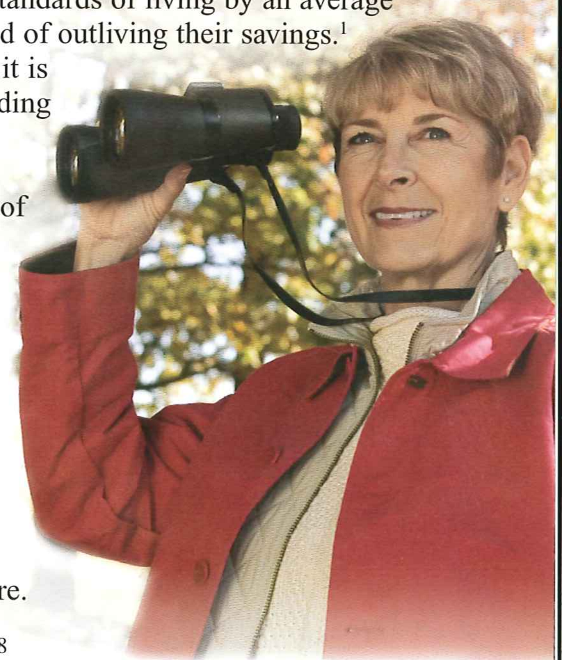
Learning about common life insurance misconceptions can help you make one of the most important decisions for those you leave behind.

Will Your Money Last As Long As You Do?

According to a new study, nearly three out of five recent retirees will outlive their financial assets if they maintain their pre-retirement lifestyles. In fact, middle-income Americans entering retirement now will have to downgrade their standards of living by an average of 24% to reduce the likelihood of outliving their savings.[1]

In preparing for retirement, it is vital to have a basic understanding of how much money you may need. Performing a retirement needs calculation, an estimate of the amount of money you will need to support your lifestyle in retirement, is a critical part of this preparation. It is also important to factor in the effects of inflation and the possibility of needing long-term care when making this determination.

Call today for help in calculating this important figure.



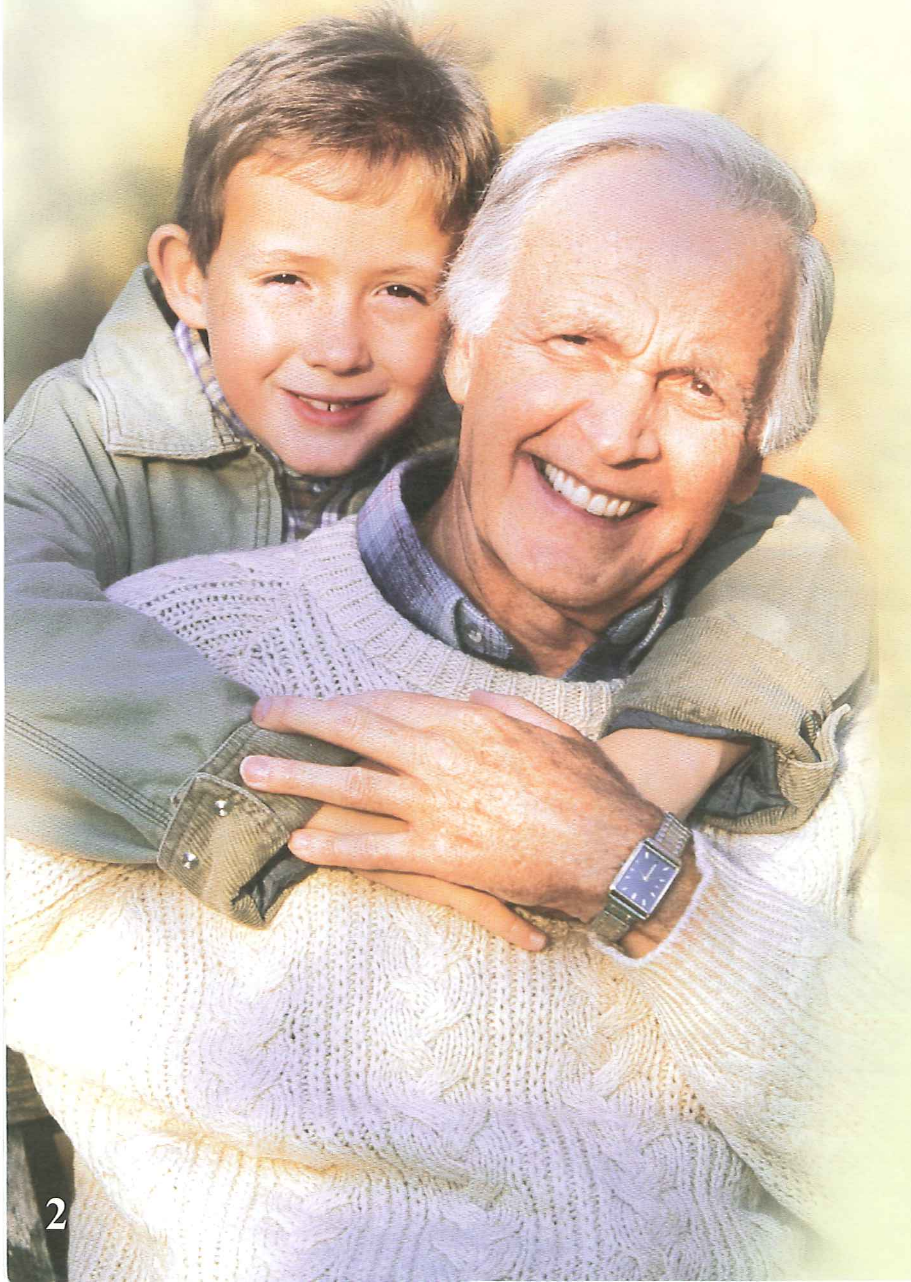
1) Americans for Secure Retirement, 2008

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

Don't Bet Your Life on These Insurance Myths

Did you know that 68 million Americans do not have life insurance?[1] Even people with insurance often have significantly less coverage than they may need to help ensure a secure financial future for their families.

Learning about common life insurance misconceptions can help you make one of the most important decisions for those you leave behind.



Myth: "I probably won't need life insurance."

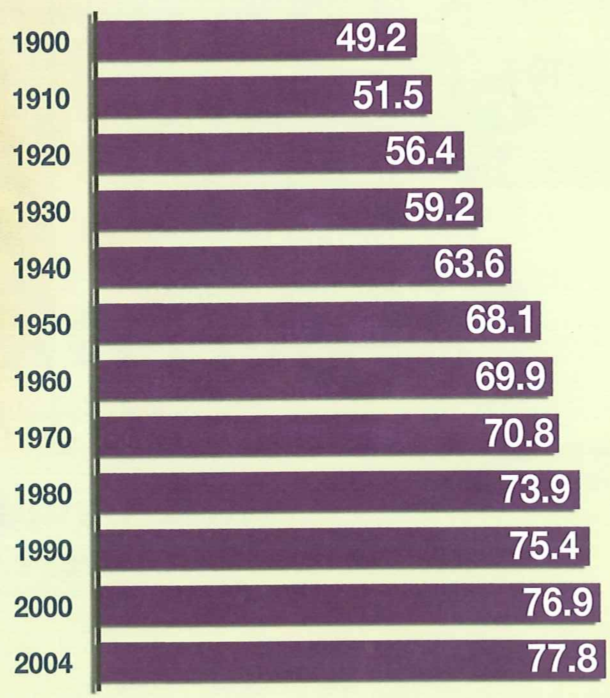
Even if your children no longer depend on your income, life insurance can be used to help cover final expenses that may otherwise fall on survivors. Estate taxes, medical costs, and funeral expenses can quickly consume any assets that might go toward a legacy. Life insurance proceeds can also help fund a grandchild's college education or be donated to a favorite charitable organization.

Myth: "I only need to replace two or three times my annual income."

Many people believe that multiplying their income by a certain number is a good rule of thumb for figuring out how much life insurance coverage to own. But consider how long the death benefit would last for a spouse with a

LIVING LONGER

The life expectancy for an American born in 2004 was nearly 30 years longer than it was for a child born in 1900.



Source: National Center for Health Statistics, 2007 long life expectancy. You also may want to think about a policy amount that is large enough to provide a stream of income for your beneficiaries without having to tap into the principal amount.

Myth: "I'm too old to obtain life insurance."

The insurance industry has responded to growing consumer demand by offering more life insurance options for older Americans. At middle age, you might even want to consider replacing a large, expiring term life insurance policy with permanent life insurance, which generally remains in force throughout your lifetime, as long as the premiums are paid. Although permanent insurance usually costs more than term, it provides an opportunity to build cash value, and you might not need as large a death benefit at age 55 as you did at 40.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges, as well as potential exclusions and limitations. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Whether you have an existing policy or are considering a new one, it's a good idea to review your life insurance needs on a regular basis. It almost never makes sense to wait where life insurance is concerned.

1) Life and Health Insurance Foundation for Education, 2008

Managing Volatility with a Bond Ladder

During the past decade, bond investors have faced a remarkable period of interest-rate volatility. In the 10 years ending in 2007, the Federal Reserve adjusted the federal funds target rate, which influences the interest rates that consumers pay and bondholders earn, 41 times.[1]

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Direction of interest-rate adjustments	↓	↑	↑	↓	↓	↓	↑	↑	↑	↓
Number of adjustments	3	3	3	10	1	1	5	8	4	3
Rate on last day of year	4.75%	5.5%	6.5%	1.75%	1.25%	1.0%	2.25%	4.25%	5.25%	4.25%

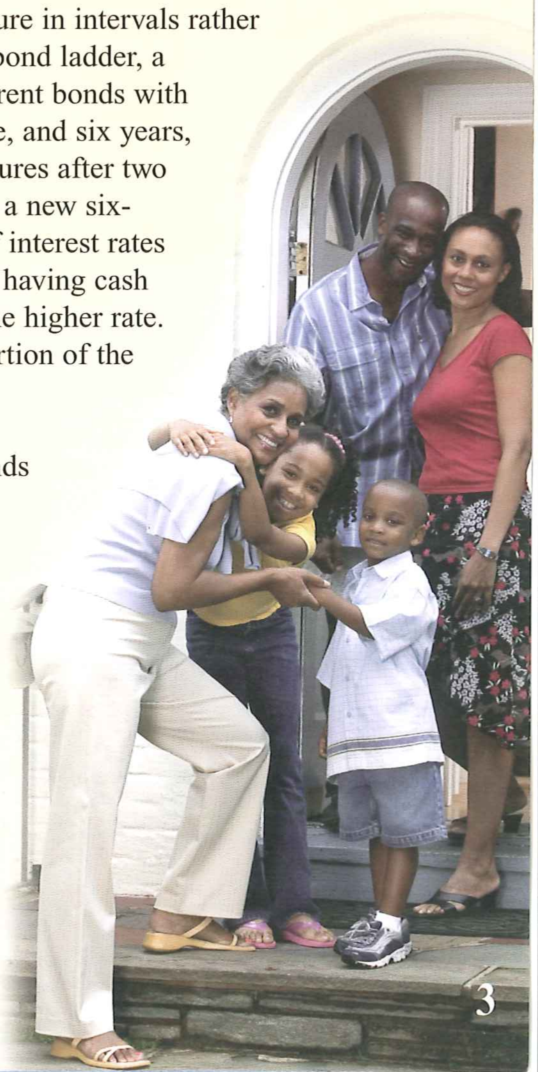
One way to help manage interest-rate risk and cash flow from bonds is to construct a *bond ladder*. This enables bondholders to benefit when interest rates are high and to help minimize the effect when rates are low.

Step by Step

With a bond ladder, the bonds mature in intervals rather than all at once. To set up a six-year bond ladder, a bondholder might purchase five different bonds with maturity dates of two, three, four, five, and six years, respectively. When the first bond matures after two years, the bondholder could purchase a new six-year bond to keep the ladder intact. If interest rates have risen, the investor benefits from having cash available to invest in a new bond at the higher rate. If interest rates have fallen, only a portion of the portfolio is subject to the lower rate.

The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

A bond ladder can help provide some stability during periods of interest-rate volatility. Call today to determine whether a bond ladder could help reduce your portfolio's exposure to interest-rate risk.



1) Federal Reserve, 2008

Test Your Identity Theft Awareness

In 2007, 8.1 million Americans were victims of identity theft.[1] Having your Social Security number or other personal information fall into the wrong hands can be frustrating and costly. But a little know-how can go a long way toward helping prevent identity theft. Take this quiz to learn how to help protect yourself by keeping your personal information private.

1. If you suspect that you've been a victim of identity theft, you should:
   A) Contact each of the three major credit bureaus: Experian, Equifax, and TransUnion
   B) Notify the Federal Trade Commission
   C) Contact your bank
   D) All of the above

2. ________ is a form of identity theft that involves using a Web site to capture personal information such as Social Security numbers and credit-card details.
   A) Phishing C) Spoofing
   B) Spamming D) E-fraud

3. If you are a victim of identity theft, your Social Security or disability benefits could be temporarily interrupted.
   A) True B) False

Source: 1) Reuters, 2008

4. A credit freeze:
   A) Prevents anyone from obtaining your credit-card number and charging items to your account
   B) Prevents identity thieves from opening a new account or obtaining a loan in your name because the potential creditor won't be able to check your credit file
   C) Tells creditors that you are a high credit risk and may make it difficult for you to obtain a loan or a new credit card
   D) None of the above

Answers:
1. **D) All of the above**
2. **A) Phishing**
3. **A) True**
4. **B) A credit freeze prevents identity thieves from opening a new account or obtaining a loan in your name because the potential creditor won't be able to check your credit file.**

Do you have enough life insurance coverage to help provide for your family's needs after you are gone? Please call today to discuss possible life insurance solutions.

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