

New, updated report reveals . . .

**HOW TO AVOID
15 COMMON MISTAKES
RETIREES MAKE WITH
THEIR MONEY**

Including the bonus section . . .

6 Ways to Avoid Probate

WHAT
YOU
DON'T
KNOW
COULD
COST
YOU AND
YOUR
FAMILY
PLENTY

***Here's the information
you asked for***

An indispensable guide for
individuals and families

B R A D L E Y M A N N

WARNING AND DISCLAIMER

The information and strategies in this booklet reflect the opinion of its author, Bradley Mann, and does not represent, nor does it imply it represents, every possible alternative and solution to the “money-mistakes” contained herein. Consult with your qualified professionals to find out which strategies are best suited for you and your family.

While the information in this booklet was obtained from sources believed to be reliable, its accuracy and completeness cannot be guaranteed. This booklet was designed to provide general information about finances and is not intended to substitute for the advice of a qualified professional, nor is it intended to provide specific advice or recommendations for any individual. To determine which investments and strategies may be appropriate for you, consult with your attorney, accountant, financial advisor, or tax advisor before making any decisions.

Please do not try this stuff at home. While experience is, often times, the best teacher, it can also be the most costly.

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A well-respected, trusted advisor since 1985

Bradley Mann, Principal and founder of Mann Financial Strategies, is an accomplished CERTIFIED FINANCIAL PLANNER[™] Practitioner who, for over



23 years, has provided his retirement and estate planning clients with sound financial strategies to help them achieve their financial dreams. He began his career in 1985 with a regional investment securities firm, located in northern New Jersey, where he was promoted to Branch Manager and assumed the responsibility for the training and support of his staff. Each year, individuals invested an average of \$125 million through his branch.

To better serve his clients' needs, Mann founded his financial planning and advisory practice in March of 1993. In addition to his role as a CERTIFIED FINANCIAL PLANNER[™] (*CFP*) Practitioner, he's an Enrolled Agent (*EA*), admitted to practice before the IRS, Board Certified in Estate Planning (*BCE*); a Certified Fund Specialist (*CFS*); and an Accredited Asset Management Specialist (*AAMS*). According to the CFP Board of Standards (July 2010) he's one of only 1,689 CERTIFIED FINANCIAL PLANNER[™] Professionals in the country who are also Enrolled Agents. His experience and expertise, combined with his 25-year spotless reputation, make him uniquely qualified to help his clients achieve their financial objectives.

He has lectured widely on financial topics to various organizations including the American Association of Retired Persons (*AARP*), and, within his industry, to financial professionals seeking continuing professional education (*CP*) credits.

Mann was also a college instructor in the CFP program at Fairleigh Dickinson University, where he prepared New Jersey CFP candidates for their comprehensive CFP exam.

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Introduction

Before you read this booklet I'd like to direct your attention to the coupon located on the last page. It's redeemable for a FREE custom-prepared report called the 'One-Hour Financial Manager.' Why have I done this? Actually, there are two reasons:

1. I have important information to share with you, and I wanted to make sure this booklet would catch your attention; and
2. since I'm writing about ways to avoid making mistakes with your money, I thought a special offer during this promotion was appropriate.

I've written this report so you can find out about, and hopefully avoid, some of the biggest mistakes people make with their money. With all of the conflicting information available online and in the media, it's hard to know just who to believe or trust.

As a financial advisor to the senior community and their families since 1985, I've seen the impact costly financial mistakes can have on a family, including needless estate-planning mistakes where intended beneficiaries were accidentally disinherited.

Here are some of the biggest mistakes people make with their money, in no particular order.

Mistake # 1

ACCIDENTALLY DISINHERITING PEOPLE YOU LOVE

Holding title to your assets incorrectly

How you title your assets (e.g., in your name alone, jointly with a spouse, etc.), and the directions in your estate-planning documents, will ultimately dictate who'll receive your property at death. Title your assets incorrectly and you may inadvertently disinherit your spouse, a child, or any other intended beneficiary.

Many people believe when they die, all of their assets will pass to their beneficiaries according to their Will. In many cases, this could not be further from the truth. Assets you own jointly, as Joint Tenants with Rights of Survivorship (JTWROS) for example, will NOT pass through your Will when you die. Instead, they will automatically become the

property of the surviving owner by “operation of law.” Your Will is disregarded.

Example. *Mary would like her assets to go to her three kids, Jessica, Michael, and Taylor, equally, when she dies. For “convenience,” however, she owns all of her assets jointly with her son, Michael, because he’s better with finances and she’d like to avoid probate at her death. When Mary dies, Michael will own ALL of Mary’s property because NONE of Mary’s property will pass through her Will. Her other two children will inherit NOTHING.*

Now, you may be thinking Michael will split the assets with his sisters. Sure, it’s possible. However, not only is this scenario incredibly unpredictable, but it could result in a gift tax problem when Michael gives property to his siblings. Moreover, if he were to get hit by a bus on the way to the bank, the property would probably go to his spouse/parents/children before his sisters, depending on his estate-planning documents and/or state law.

How about a married couple with children from a prior marriage?

Example. *Jim’s first wife died when their son, Jason, was 31 years old. Jim remarried Laura seven years later and they’ve been happily married now for over 11 years. Laura has two kids of her own from a previous marriage. Jim’s Will states that at his death his son, Jason, shall receive 50% of his estate while his current wife, Laura, the remaining 50%. Over the years, however, Jim and Laura have titled all the assets jointly, for convenience. If Jim dies before Laura, ALL of the assets will belong to Laura, and his son, Jason, will get nothing. Finally, at Laura’s death, the assets will probably go to her two kids, leaving Jason “out in the cold.”*

It’s quite possible many of the assets you own will NOT be distributed to your heirs according to the directions in your Will.

- Your joint accounts will not. Your Will is ignored.
- Your retirement plans (IRAs, etc.) and annuities with designated beneficiaries will not. Your Will is ignored.
- Your life insurance with designated beneficiaries will not. Your Will is ignored.

- If you have a Trust, assets titled to the Trust will be distributed to Trust beneficiaries according to the instructions in the Trust. The Will is ignored.

It's clear that how you hold title to your property is paramount to the estate-planning process if making sure your intended beneficiaries receive their rightful share is one of your objectives. You may have had a Will or Trust prepared properly, but if your assets are not titled correctly, to allow them to flow through these documents, you may accidentally disinherit people you love.

If you'd like to review your property and investments, to make sure this doesn't happen to you and your family, check off Item 1. on "My Personal Checklist" (page 21).

Mistake # 2

NAMING A CHILD AS JOINT OWNER ON YOUR ACCOUNT

Joint ownership - especially when non-spouses are involved - can cause all kinds of problems, including:

1. **Joint owners can expect too much from their wills.** A joint owner's will does not control the distribution of a jointly held asset at death. Death results in the instantaneous and automatic transfer of ownership to the surviving owner. So, even if your will says you want someone else to receive your share of a jointly-owned asset, it will still go to the surviving owner, who is then free to do whatever he/she wants with it. Your will is ignored.
2. **Incomplete probate avoidance.** While joint ownership avoids probate at the first death, it really only postpones it. When the surviving owner dies without adding another owner (which often happens), or if both owners die at the same time, the asset must be probated before it goes to the heirs.
3. **Uncontrolled distribution of property.** Joint ownership can cause you to unintentionally disinherit your own family. If you die first, for example, your surviving joint owner now owns the asset, outright, and you have no way of controlling what happens to it.

4. **Surrender of ownership and control.** By creating a joint account, each joint owner has an equal, undivided interest in the property. This is not usually a problem for happily-married spouses or people who contribute equal shares of property to the account. Between others, however, the probate avoidance of joint tenancy may not be worth the individual's immediate surrender of significant property interests. The owner - that is, the person who set up the account and contributed the assets - may need the joint owner's permission to sell the asset. If the joint owner becomes incompetent, you could find yourself with a new "co-owner" - the court! And while it's usually easy to add a co-owner, removing one from your account can be difficult. If your co-owner doesn't agree, you could end up in court. Finally, the asset may be subject to the claims of the joint owner's creditors.
5. **Gift-tax problems.** Creating joint tenancies between non-spouses can result in a taxable gift if the value of the contribution exceeds the annual gift-tax exclusion, currently at \$13,000.

Clearly, owning assets jointly is not the cure-all many individuals believe it to be. If you'd like to find out ways to avoid probate, without the potential tax disadvantages or giving up ownership and control, check Item 9. on page 21.

Mistake # 3 - OVERPAYING UNCLE SAM

Failing to use investment companies that automatically keep track of your investments' cost basis

If you're not using investment companies that keep track of your investments' adjusted cost basis, automatically, you're headed for a tax reporting nightmare down the road. In fact, you'll probably wind up overpaying Uncle Sam. Here's why. . .

In tax terms, "adjusted cost basis" generally refers to the amount a taxpayer pays to acquire an asset, plus or minus various adjustments. This cost basis is used to determine the amount of gain or loss recognized when the asset is sold. Reinvested dividends, for example, generally increase your cost basis. Without automatic tracking and reporting by the

investment company, how will you know what your adjusted cost basis is, especially when you've owned an investment for many years?

Example. Steve invests \$50,000 in a diversified mutual fund consisting of both stocks and bonds. It pays a 5% dividend, annually. Steve doesn't need the income now so he reinvests the dividends. About 12 years later he sells the investment for \$90,000, reports a \$40,000 gain on his tax return, and pays \$6,000 in capital gains tax. Is this correct? Absolutely not!

While Steve owned the fund he reinvested \$30,000 in dividends, increasing his adjusted cost basis to \$80,000.

\$50,000 - original investment
plus \$30,000 - reinvested dividends
\$80,000 = adjusted cost basis for calculating gain or loss

Therefore, when he sold his fund for \$90,000, for tax-reporting purposes, he had a \$10,000 gain, not the \$40,000 gain he reported on his return.

\$90,000 = proceeds from sale
minus \$80,000 = adjusted cost basis
\$10,000 = capital gain

So, in this particular case, he overpaid the IRS by \$4,500! (*assuming the 15% capital-gains rate*)

Instead of selling the investment, let's say Steve needed monthly income and elected to take regular withdrawals of \$500 a month to supplement his other retirement income. That's 12 redemptions a year subject to capital gains reporting. Over the next five years, that's 60 redemptions. You get my point.

How will Steve ever know what to report on his tax return if he doesn't use an investment company that tracks his cost basis, automatically, and sends him a report with his 1099s? Moreover, how can he be sure he's not overpaying the IRS?

There are many reputable investment companies that automatically track your cost basis and provide you with the forms you need come tax time. Surprisingly, there are still some companies that do not.

All other things being equal, choose a company that does.

Are your investment companies keeping track of your cost basis? Check off Item 2. on My Personal Checklist (page 21) to find out.

Mistake # 4 - LETTING THE TAX TAIL WAG THE DOG

Holding on to an investment to avoid paying capital gains tax

This expression continues to amuse me. It means making your investment decisions to sell, or not to sell, based only on the tax implications of the sale.

During my career I've met with individuals who, invariably, owned an investment they purchased many years ago. Regardless of whether the investment was inappropriate for their portfolio, or its growth potential seemed bleak, they continued to hold it to avoid paying capital gains tax. There's another expression I'd like to share with you at this time.

You can't lose money taking profits! Remember, you only pay taxes on GAINS. And gains are a good thing.

While you should be aware of the tax implications when you sell a security, the decision to sell should not be based solely on the avoidance of capital gains tax, but on the growth and/or income potential of the security going forward.

Check Item 3. on page 21 to find out if your investments are suitable for you, regardless of the tax implications.

Mistake # 5

MISSING AN OPPORTUNITY TO DEDUCT A LOSS

Giving away an asset that's worth less than its original cost

If you gift an asset that has declined in value, both you and the recipient of your gift will lose the opportunity to recognize the current loss for tax purposes.

Example. Two years ago Glenn invested \$10,000 in a stock. It's currently worth \$8,000. He'd like to give it to his daughter, Sarah, and get it out of his estate. If he transfers the stock to his daughter's account, both he and his daughter lose the opportunity to deduct the \$2,000 loss, forever. His daughter's cost-basis in the stock, for loss purposes, is \$8,000.

From a tax perspective, Glenn could have sold the security, recognized the \$2,000 loss and saved \$500 in taxes (*assuming the 25% marginal tax bracket*), and given his daughter the cash.

Mistake # 6 - IGNORING THE BIG PICTURE

Focusing on security selection instead of the whole portfolio

Most people focus their attention on the evaluation and selection of specific investment securities rather than on the portfolio as a whole. They believe through sophisticated securities analysis, they can consistently “beat the markets.”

While the concept of beating the market averages is appealing, studies have revealed it is rarely achieved.

A major landmark study of the performance of 91 large pension funds over a 10-year period revealed that, on average, over 90% of the difference in portfolio returns was due to the portfolio's asset allocation policy, with market timing and security selection playing a very small role (*Brinson, Hood, and Beebower, “Determinants of Portfolio Performance,” Financial Analysts Journal, July - August 1986: updated May-June 1991*).

In other words, the decision of how much to invest in stocks, bonds, or cash (e.g., 50% stocks, 40% bonds, 10% cash) has far more impact on portfolio performance over time than the decisions of when to buy, and what specific stocks or bonds to hold.

Check Item 4. on page 21 to find out if your current asset allocation is appropriate and consistent with your objectives and tolerance for risk.

Mistake # 7 - LISTENING TO THE WRONG PEOPLE

Taking advice from people who are not qualified to give it

Early in my career, I had a debate with a client about a specific retirement -planning strategy. Finally, after 20 minutes or so, I asked, “where are you getting this information?” “From my friend who does my landscaping,” he replied. It was at that moment I learned a valuable lesson.

Check your sources.

I’ve seen people who - in a NY minute - drop \$5,000 on a stock tip they get from their neighbor, and yet, these are the same people who spend 45 minutes trying to decide which \$35 toaster to buy.

There is something very wrong with this picture.

Make sure you’re working with an advisor you trust who knows your entire financial situation, and has the experience and expertise to help you achieve your financial objectives.

Mistake # 8 - OUCH! FAILING TO STOP THE BLEEDING

No exit strategy

Without an exit strategy, a poor investment can quickly turn into a horror story.

***Example.** Andrew recently purchased XYZ stock at \$50 a share based on the strong recommendation of his friend, Bill (see Mistake # 7). Obviously, he believed the stock would go up, and employed no exit strategy. He figured he’d go with the flow.*

Four months later the stock was trading at \$40. Should he buy more now, at this cheaper price? (Here’s a valuable tip: In my opinion, you should never buy a stock when it’s declining. You never know how low it will go, and/or how long it will stay there) He decided to hold. He liked it at \$50, so why would he sell it at \$40? “It’ll come back,” he said. Six months later the stock was at \$30: a decline of 40% from his original purchase price. “Well, I can’t sell it now, he barked, I’d lose too much money.”

Two and a half years later the stock traded at \$25 a share, representing a 50% loss on his original investment. “If the stock would just come back to \$50, I could sell it and break even,” he sighed. Now, a year later, it’s trading around \$8.

Does this sound familiar? An exit strategy helps you “stop the bleeding” and limits your losses to a tolerable, predetermined amount. Moreover, if you get out of a bad investment early, you’ll have the cash to find another, more profitable one.

You must have an exit strategy in place the minute you purchase a security, particularly an individual stock. Which strategy will work best for you? That depends on a number of factors. We can help you find the one that’s right for you. Check Item 5. (pg 23).

* * *

BONUS SECTION

6 Ways to Avoid Probate

Q. What is probate and why do I want to avoid it?

Probate is the legal process of administering a decedent’s estate. During probate proceedings, a deceased person’s will is brought to the local court because it is precisely this written instrument, your Last Will and Testament, that disposes your probate property. Proof must be shown that the will is authentic and was properly signed with the formalities required by state law. (If there is no valid will, the court determines who, under state law, stands to inherit the decedent’s property.) The decedent’s property is inventoried and appraised, relatives and creditors are notified, and a notice is published in the local newspaper. Creditors make their claims, and debts are paid. Eventually - commonly, up to a year later or more - the remaining property is distributed to the inheritors.

Probate, lawyers say, is simply a safeguard, designed to ensure your wishes are honored and your family protected when you are no longer around to oversee matters yourself. An impartial court supervises the whole process, to look out for the interests of both your family and your creditors. What’s wrong with that?

A lot, unfortunately.

Probate problems have been well documented and publicized. And if you've experienced the probate process firsthand, after the death of a family member or friend, you probably don't need any convincing that avoidance is the best strategy. Here is a summary of the important downsides:

Probate can be expensive. The cost varies widely from state to state, but probate attorney, court and other fees often cost up to 5% (or more) of the value of property left behind.

Probate takes too long. Often, probate takes a year or more, during which time the beneficiaries generally get nothing unless the judge allows the immediate family a "family allowance."

Probate is public. Few people ever stop to think a will - a very personal document, which may reveal much about both financial and family circumstances - becomes a matter of public record after its writer dies.

Each state requires a court proceeding. The only thing worse than regular probate is out-of-state probate. Probate usually takes place where the decedent lived, but if there's real estate in another state, for example, it's usually necessary to have a whole separate probate proceeding there, too.

So, let's review six ways to avoid probate. You should discuss each option with your professional advisors, as each one has its own set of rules and tax implications.

1. Payable on Death (POD) - Banks and credit unions offer POD accounts. You simply name a beneficiary on your account, and when you die, the money bypasses the probate process entirely.
2. Transfer on Death (TOD) - As of this writing, 49 states (all but Louisiana) have adopted a law that lets you name someone to inherit your stocks, bonds, mutual funds, and brokerage accounts without probate.
3. Beneficiary Designations - Your designated beneficiaries on your retirement plans, annuities and life insurance policies will inherit the proceeds without probate.

4. Joint Tenancy with Rights of Survivorship (JTWROS) - The surviving joint owner will own the property at the deceased joint owner's death without probate. This strategy, however, only avoids probate at the first death.
5. Living Trust - Property transferred (re-titled) to the trust will pass to the trust beneficiaries at your death without probate.
6. Gifting - Giving money away during your lifetime is a lot different than the other probate-avoidance strategies which involve leaving things to people at your death. Under current law, you may give away up to \$13,000 per person, each year, with no gift tax implications. If you choose to gift more, you may chip away at your current \$3.5 million estate-tax exemption (gifts during your lifetime, however, remain capped at \$1 million).

Mistake # 9

MISUNDERSTANDING THE FINANCIAL PLANNING PROCESS

Assuming “investment selection” is the only component of financial planning

When I meet new people and they find out what I do, invariably, someone will say “what do you think about the market?” or “which investments should I buy now?”

While investment planning is part of a comprehensive financial plan, it's only one small component. Comprehensive financial planning involves many areas including, planning for a secure retirement; minimizing income taxes along the way, and reducing or eliminating estate taxes and transfer costs at death. In fact, financial planning culminates in an investment portfolio and a set of estate-planning documents based on your objectives and tolerance for risk. Not the other way around.

The right advisor can help. Choosing a financial planner may be one of the most important decisions you make for yourself and your loved ones. Financial planners can provide you and your family with guidance over your lifetime, or work with you to address specific concerns as needed. Comprehensive financial planning can help you meet your life goals and achieve financial well-being.

As more people call themselves “financial planners,” finding the right professional to address your financial planning needs is not always easy.

CFP®, and Certified Financial Planner™ Practitioner are certification marks owned by the Certified Financial Planner Board of Standards which help you identify financial planners who are committed to competent and ethical behavior when providing financial planning services.

CFP® practitioners will work with you to determine your personal and financial goals, needs and priorities; understand your time frame for achieving results; and discuss your tolerance for financial risk. Choose a CFP® practitioner who will put your needs at the center of every financial planning engagement.

Mistake # 10 - IGNORING YOUR LONG TERM CARE NEEDS

Failing to provide the funds to pay for your care

You’ve scrimped and saved to fund your retirement, and perhaps, educated a child or two along the way, but have you earmarked and set aside funds to pay for your care, if needed.

The reality of life is, despite everything you do to take care of yourself, your chances of needing long-term care steadily increase over time. And long-term care costs can exhaust your savings and impact your standard of living and your independence.

Often times, when I hear people discussing long-term care issues, and the need for insurance, the words “nursing home” surface quickly.

Nursing home?!? Wouldn’t you prefer to receive the care you need in your own home? Of course you would.

One trend we’re seeing is most people choose to receive care at home. In fact,

“90% of caregiving takes place in the home”

(And Thou Shalt Honor, The Caregiver’s Companion, edited by Beth Witrogen McLeod, 2002)

And from day to day, home care costs can be quite high, sometimes greatly exceeding the average daily cost of nursing home care.

Think about the risk. Chances are, you or someone you know has faced the financial and emotional issues involved with caring for an adult family member. The costs and decisions involved with long term care can affect the entire family - particularly because many people think they'll never need it and therefore don't plan for it. You've seen the statistics:

"60% of people who reach age 65 may need long-term care at some point in their lives" (Conning & Company, Long Term Care Insurance, Baby Boom or Bust, 1999)

The national average cost of a year in a nursing home is \$55,000 and can run as high as \$93,000 in some states (NY State Partnership for Long Term Care, 1999)

For every one person in a nursing home, four others require care at home or in the community (Business Health, 1996)

The average stay in a nursing home is 2.5 years (National Center for Health Statistics Aging Trends Report #4, March 2001)

While these facts are disturbing, they really are irrelevant. The real question is . . . , how will you get and pay for the care you need, at home or in a facility, if and when you need it?

Family and friends are great when it comes to "scheduled" care. They'll take you shopping or to the doctor, for example, but it's the "on-demand" care that's problematic; if you've fallen or need to use the bathroom, for example.

The purchase of a comprehensive long-term care policy is your first line of defense. You may already have protection such as automobile, health, and homeowner's insurance to address other major risks you face. Consider protecting one of your remaining risks with long term care insurance. Without it, you may lose a substantial portion of what has taken you a lifetime to accumulate.

If you'd like to find out how to protect your nest egg, check Item 6. on page 21.

Mistake # 11

GETTING READY, TO GET SET, TO GET GOING

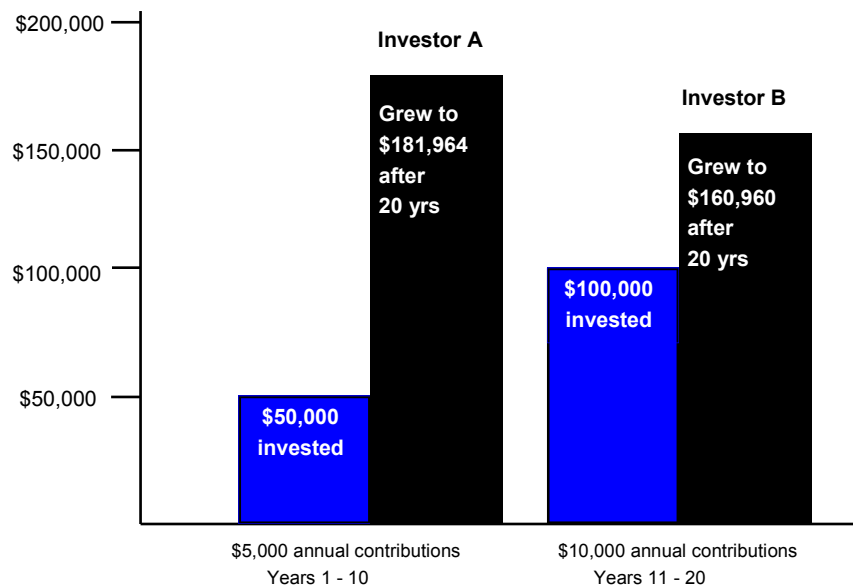
Procrastination

For many people, this is a huge problem. If you fail to plan now, it may cost you both in terms of how much money you ultimately save and how much money can be accumulated. Waiting too long to get started may reduce the probability of reaching your financial objectives.

GRAPH I

TIME IS MONEY - The Power of Compounding

Comparison of two hypothetical investments with ten (10) annual contributions over a 20-year period



Note: Hypothetical illustration assumes an 8.5% compound annual return, and is not indicative of any investment.

Graph I illustrates the hypothetical investments of two investors over a 20-year time period. Investor A contributed \$5,000 a year beginning in the first year. After year ten, Investor A stopped contributing and allowed the investment to continue growing for the following ten years.

Investor B postponed investing and, in the 11th year, began investing \$10,000 annually — twice that of Investor A — for the next ten years.

By starting early and taking advantage of compounding, at the end of a 20-year period, Investor A accumulated about \$21,000 more than

Investor B, while investing \$50,000 less, assuming an average annual return of 8.50%.

Mistake # 12 - BUYING WHAT'S HOT

Chasing performance

Stories of “hot” performing stocks make investors think they have missed out. The real danger is that some may abandon their financial plan to pursue some of that investment performance. For the long-term investor this may not make sense.

Had you known in advance what the top ten stocks were going to be for every three-year period since 1980 you would have had tremendous returns. An equally weighted portfolio of those stocks had an average three-year total return of 127% between 1980 and 1998. However, if you missed the initial three-year period of growth, the average annual return for the following three-year periods for the same stocks would have been only 8.8%, versus a 17.2% return for the entire stock market, as measured by the S&P 500.

For long-term investors, it makes more sense to develop and stick to a well-planned financial strategy.

Mistake # 13 - IGNORING YOUR ESTATE PLANNING NEEDS

Creating one big expensive mess for your family

Many people believe estate planning is reserved for “wealthier” individuals and couples whose assets are in excess of \$1 million.

Nothing could be further from the truth.

While minimizing estate taxes may be one objective of estate planning, there are many other financial and non-financial issues to address, including:

- Minimizing probate and other transfer costs;
- Attaining speed and privacy in the property transfer process;
- Providing for minor and/or special needs beneficiaries;
- Providing for incapacitation and avoiding a guardianship proceeding in the courts;
- Maintaining control over assets; and so much more.

If you haven't executed a set of estate planning documents, do so now. The cost and hassles to you and your family - in the event of a tragedy or premature death - could be enormous.

While we do not and cannot give legal advice, we can help you get started by discussing your specific needs and concerns, and providing you with a number of estate-planning strategies to discuss with your attorney. Check Item 7. on page 21.

Recent estate-tax changes. Under current law, each person may give away, during their lifetime or at death, up to \$5 million with no estate- or gift-tax implications. Moreover, the unused portion of the estate tax exemption of the first spouse to die may be transferred to the surviving spouse (so-called "portability"). This portability provision makes it possible for married couples to transfer up to \$10 million free of federal estate tax. Without further action, this new legislation, however, is scheduled to expire at the end of 2012.

Do Bypass Trusts still makes sense. Prior to the existence of this portability, or "carryover" feature, the most common way to make sure the full exemption available to a married couple would be utilized was to cause a Bypass (Credit-Sheltered) Trust to be created on the death of the first spouse. One might think, therefore, that this new portability feature could make a Bypass Trust obsolete. But, the portability feature merely helps the unprepared. There remain many reasons (both tax and non-tax related) for creating Bypass Trust documents. Check Item 8, on page 21, to find out if this strategy makes sense for you and your family.

Mistake # 14

EXPOSING YOUR SOCIAL SECURITY BENEFITS TO TAX

Paying Taxes on Your Social Security Income

Many years ago, Social Security benefits were tax free. Under current law, up to 85% of your Social Security income may be subject to taxes. The portion of your benefits subject to taxes is based on many factors, including your total income (including tax-free income), your Social Security benefits, and your filing status.

Generally speaking, the portion of your benefits subject to taxes will increase as your income increases. It doesn't matter if you're reinvesting interest and dividends; they're included in the calculation, too.

While the strategies to reduce or eliminate the income tax you pay on your Social Security benefits are beyond the scope of this booklet, suffice it to say, if you can shelter enough income to bring your income below certain thresholds, you'll reduce or eliminate the tax you pay on your benefits.

We can perform a simple calculation for you to determine if it's possible to reduce or eliminate these taxes. Check item 10. on your Personal Checklist (page 21).

This brings us to the most important mistake of all to avoid:

Mistake # 15 - FAILING TO PLAN

Not Doing Consistent, Careful, Ongoing Planning

Yes, planning may be the single most effective technique to help you protect your assets, enjoy a secure retirement, and provide for the efficient transfer of your assets at death. The reason many of us aren't going to win the money game is we don't follow this crucial sequence of events when it comes to managing our finances:

- Figure out where you are today
- Figure out where you want to be
- Get a true understanding of the options you have available to you. (Not from biased sources)
- Develop a plan that will provide the right "course" to follow
- Make the changes necessary to get the plan going
- Watch your progress, and make the proper adjustments to keep the plan "on course"

Makes a lot of sense, doesn't it?

It's kind of the same process you go through every day when planning a trip to the mall, visiting the doctor, or going on vacation, etc. Could you imagine how you'd get through your daily life without following this sequence of events?

Could you imagine how messed up you'd be if you didn't know where you lived, what time your appointments were, didn't know which roads led to the clubhouse, didn't know where the meeting was going to be held, and finally, didn't know which room the meeting was in?

I know that sounds silly, because in our day-to-day activities, we always know all those things. But can you really say the same thing about your money?

Do you truly know where you are today? Are you certain you have specific goals of where you want to be financially? Can you say that you know all the choices you have available to you?

Have you set up a plan to get where you want to be? Or, like many people we speak to, are you winging it as you go along?

In all the years I've been providing retirees and pre-retirees with sound financial strategies to help them achieve their financial dreams, I've found one key ingredient consistent among those families who are truly financially independent. It's not their age, or occupation, or sex, or income, or any of those things. The one common attribute is they make a constant effort to plan for their future. That's it.

It may not sound very exotic or romantic, but it's simple, and it works. You know, usually the most effective things in life are the most simple and basic.

Now, with all the changes in tax laws, estate taxes, interest rates, market conditions, and the economy, planning for your future makes more sense than ever.

Does it make sense to you? I hope so, because this topic is very important to us, and hopefully to you, too. It's important to us, because we make a living helping people plan.

It should be important to you because planning may be the best weapon you'll have to make sure you live the way you want.

So where do you go from here?

Initially, we are offering a free custom-prepared report called the "One-Hour Financial Manager." This is not a generic, boiler-plate report. It is prepared based on your specific situation and information.

We're very excited about this new program, and would greatly appreciate your willingness to preview it and share your thoughts about the financial report we will prepare for you.

Hopefully, we can show you, as we have for many others, strategies that can help you:

- Properly diversify your portfolio to reduce risk
- Pay the least amount of taxes legally possible
- Avoid outliving your money
- Avoid probate without the costs associated with a Living Trust
- Reduce or eliminate the tax you pay on your Social Security income
- Reduce or eliminate estate taxes and other transfer costs
- Protect your assets from long-term care costs (home care, assisted living, nursing home, etc.)
- Increase the current income on your portfolio
- Avoid the 10% IRS penalty on IRA distributions before age 59 1/2
- *S T R E T C H* your IRA distributions, and tax-deferral, for generations
- Avoid accidentally disinherit people you love
- Help fund a grandchild's or child's education, totally tax-free

And so much more.

Normally, the initial consultation and custom-prepared report costs \$195. But, for a limited time, we are offering our no-obligation interview and report for FREE to people who respond by the date stamped on the last page of this booklet.

Sounds good, doesn't it?

If all this makes sense, and you are curious about our approach to retirement, tax, and estate planning, feel free to contact us by email (BMann@MFSAdvice.com) or phone (800-554-3332), 24 hours a day, seven days a week, to take advantage of our promotion.

No one will try to sell you anything. It's simply a chance for you to learn about us, and see if our services can benefit you and your family.

NO PRESSURE! NO HASSLES!

I give you my word!

If you believe there's no benefit to be derived from working with us, we simply leave it at that. If, however, you do find that you could use our help, we will discuss how we proceed from there. Either way, we wish you good luck in all of your financial endeavors.

MANN FINANCIAL STRATEGIES, LLC

Bradley Mann

Bradley M. Mann, CFP®, EA, BCE, CFS, AAMS

Principal

SPECIAL LIMITED TIME OFFER

TO GET YOUR PERSONAL

"1 HOUR FINANCIAL MANAGER REPORT"

CALL (800) 554-3332, 24 HRS.

Or send an email to:

BMann@MFSAdvice.com

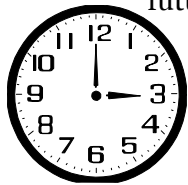
FOR A LIMITED TIME, WE ARE PROVIDING THIS REPORT FOR
FREE TO PEOPLE WHO REDEEM THE ENCLOSED COUPON BEFORE
THE EXPIRATION DATE

My Personal Needs and Concerns Checklist

1. () Are my assets titled properly so I can avoid accidentally disinherit people I love?
2. () Are my investment companies keeping track of my cost basis so I won't, potentially, overpay Uncle Sam when they're sold?
3. () Do the prospects of my current investments appear favorable, regardless of the tax implications of any sale?
4. () Is my investment portfolio properly diversified, given my objectives and tolerance for risk?
5. () Do I have an appropriate exit strategy in place, given my investment positions and risk tolerance?
6. () Do I have a strategy in place to protect my nest egg, and provide the funds I may need for my long-term care?
7. () Are my estate planning documents up-to-date, reflecting my current wishes, and, providing for the efficient, probate-free, transfer of my assets at death?
8. () Does Bypass Trust planning make sense for me?
9. () I'd like to find out ways to avoid probate and other transfer costs, without giving up ownership and control of my property.
10. () Can I reduce the taxes I pay on my Social Security income?
11. () Other. _____
12. () Other. _____
13. () Other. _____

**FREE Custom-Prepared Financial
Report Shows You Ways To Avoid
Many of the Tax And Money Mistakes
People Make**

A new report called the **One-Hour Financial Manager** has just made the job of planning for the future a lot easier.



The **One-Hour Financial Manager Report** gives you a quick and thorough check-up of your entire financial situation. It gives an amazingly simple, but very accurate picture of exactly where you stand financially, today.

To get your **FREE**, custom-prepared **One-Hour Financial Manager Report**, simply contact our office before the deadline stamped on the inside of the back cover.

We've found that our **One-Hour Financial Manager Report** is simply the best way for us to introduce our services to people in the community. You'll get to preview our services, free of charge, and determine if we can be of help to you and your family. There's no obligation and no one will try to sell you anything.

I give you my word!

Bradley Mann, CFP

\$195

\$195

During our promotion, this certificate is redeemable for a
FREE consultation and custom-prepared
financial report called the

'ONE- HOUR FINANCIAL SNAPSHOT'

A \$195 value. You must respond before the deadline date.

OFFER EXPIRES:

30 DAYS FROM RECEIPT OF THIS REPORT

Your personal One-Hour Financial Manager Report will
give you a quick check-up and snapshot of your financial
situation, and help you identify and weaknesses or
shortfalls in your current plan. Find out ways to avoid many
of the tax and money mistakes people make.

NOTES

Send an email to
BMann@MFSAAdvice.com, or
call (800) 554-3332 (24 hrs)
to schedule your
no-obligation interview
and receive your custom-prepared report