

Financial Catalyst Group

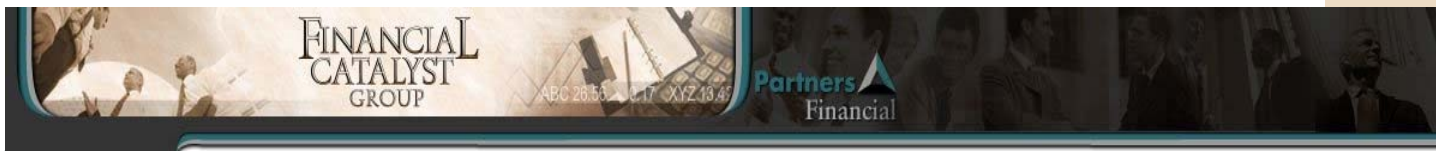
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Financial Catalyst Group was founded in 1977 to help successful people articulate their goals, and realize their dreams to protect and preserve their hard-earned wealth. At Financial Catalyst Group we provide unique Wealth Architecture™ services that result in the implementation of value-added plans for the responsible transfer of wealth through the generations. We specialize in working with families that desire to provide a legacy to their families and their communities, making gifts instead of paying transfer taxes. We work closely with these families and their advisors to form a strong, results-oriented team.



Long Term Care (from page 3)

eral factors. First, what does LTC care cost where you expect to receive care? A 2003 study pegged the average national cost for a private nursing home room at \$181—but daily costs varied widely depending on the area and the quality of the facility. And at-home care usually costs considerably more than a private nursing home room.

Are you insuring for two people or one? If one moves into a nursing home, remember that you still have expenses associated with the spouse remaining at home. What if both of you end up needing care at the same time? Some companies offer “shared benefits” where two people are covered by a single policy, or discounts may be available if both spouses buy separate policies with the same company at the same time.

What other financial resources, such as retirement income or savings, do you have should you end up needing care? You can

reduce premiums by planning to pay a portion of care out of pocket. But will those resources be adequate when you need them? What if they are resources you want to leave to your children or may otherwise need?

Inflation protection. This is a very important feature, especially for younger buyers. Nursing home rates have been going up five percent or more a year, according to the American Council of Life Insurers

That means a nursing home that costs \$180 a day today would cost \$480 a day 20 years from now—a likely scenario for a 60-year old buying a policy but not needing it until he or she turns 80.

Be careful which type of inflation protection you buy. Some policies offer a choice between a compounding inflation rider and a simple inflation rider. The simple version will cost less but

results in smaller annual increases in the daily benefit, potentially leaving you short.

Length of benefit period. How long do you want the policy to pay for coverage: two years, three, five, a lifetime? The longer the period, the more expensive the premiums. Average stay in a nursing home is 2.4 years, according to government estimates, but of course, some patients remain much longer.

Some professionals recommend buying lifetime benefits if you can afford them, while others feel comfortable with five years.

One factor to consider is family health. For example, if your family has a history of Alzheimer’s disease, which can result in many years of care, you may want to consider a longer benefit period. (Consider the experiences of President Reagan.)

Elimination period. This is the number of days you choose to wait before benefits begin. Benefits might begin immediately or within 30, 60, or 90 days, or half a year or longer. Unless coverage begins immediately, you’ll have to pay out of pocket until coverage begins.

Naturally, the longer the elimination period, the lower the premiums. Usually there is a “sweet” spot where you get the best trade-off between savings and the benefits you give up. With newer policies, you also may not have to pay for all the days in an elimination period because of their generous crediting options.

Contact us today to explore the most advantageous coverage for your needs.



Wealth Architecture Digest

Often people do not plan because they see only what is, and they do not have a vision of what can be. Something is always possible. We believe that, with vision, the possibilities are almost unlimited.

Special Interest

Ric Haas is pleased to announce that the Fistula Foundation has passed the \$3,500,000 level in donations coming from over 20,000 donors worldwide. The foundation was established in 2000 by Ric and his daughter Shaleece to support the critical work of Dr. Catherine Hamlin and the Fistula Hospital in Ethiopia. A special television segment was aired on the Oprah Show in January and again in June which highlighted the pressing need for financial support for the medical issues of women in Ethiopia.

You can visit the foundation website at:
www.fistulafoundation.org

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Fall 2004

Of Toothpaste and Trusts

Estate planning is as much an art as a science. The planner needs to be aware not only of the laws affecting wealth transfer, but needs to consider a myriad of issues that can have even more serious consequences for future generations.

Over the years we’ve reviewed a significant number of wills and trusts for clients with a wide range of goals and estate values. The vast majority of those trusts had incredibly similar distribution provisions. After the death of the surviving spouse, the assets would remain in trust for the benefit of the children.

The real parallel, that makes little sense in many situations, is that the assets would be distributed to the children in thirds

at ages 25, 30, and 35 (or sometimes starting a bit earlier or later. Why these ages? Why in thirds? Well, the most common answer is that “...when the lawyer asked what we wanted, we asked him what he thought.” The response, to avoid getting into a lengthy and expensive discussion was “... most of my clients have done it in thirds...” – and that’s what was chosen.

Unfortunately, most people don’t understand and fully explore the issues. A top estate planning attorney, Jonathan Blattmacher explains it this way: “when you brush your teeth I’m sure you use toothpaste and have not had a problem getting the toothpaste out of the tube. But have you ever tried to get it back *in* the tube?”

He went on to point out that assets, once distributed from trust, are subject to numerous potential problems. Divorce, creditors, tort litigation, drug abuse, mental instability, or just plain irresponsibility can cause the loss of significant assets. Were the assets to remain in trust, they can be creditor-proof and divorce-proof, while being available to the beneficiaries. The parents can establish guidelines for access that promote the family’s values.

We believe that extensive discussion and consideration of the consequences of various alternatives are vital components to designing a sound estate plan. Our unique Wealth Architecture™ process assures that these issues are addressed.

Introducing the FCG team

You may have noticed a few new faces around the office. FCG has been growing over the last two years and in order to ensure the best service and resources for our clients we have added some new members to our team.

JP Puette joined the firm several years ago and is active in the senior markets. She’s a Certified Senior Advisor and knowledgeable in Long Term Care Insurance and Indexed Annuity programs.

Carol L Ford, CFP is a 30 year veteran who joined FCG last year as Director of Strategic Planning Services. She provides Wealth Architecture™ planning and comprehensive investment management services.

Tazeem Lotia has returned to school to pursue a certificate in Interior Design. Although we will miss her greatly, we wish her much success in her new endeavor.

Suzette Engdahl came to us from a local brokerage house where she supported a team of financial advisors. She uses her strong industry background to provide office administration and customer support.

Jessica Pantel joined us several months ago from IBM and handles the telephones, customer service inquiries and helps with administrative support. Her technology skills and warm personality are a real asset to the group.



Economic Editorial

The New Economy

By Richard Haas

A few years ago “The New Economy” meant the online, dot-com, computerized world that we were entering. We were going to shop from home, learn from home, find love online, and technology would lead us into a very long-term global economic expansion.

It’s now four years and counting since the air came out of the tech bubble and the economy helped take us from the dream of paying off the national debt, to the likelihood of a **7 Trillion Dollar** national debt, and deficits as far as the eye can see. While we battle “enemies” abroad, and wonder when they’ll strike us again at home, we focus on the future with little understanding of what is really going on.

In *The New York Times* on August 9th, Bob Herbert quoted Harvard law professor Elizabeth Warren with the following eye-opening statement: “This year, more people will end up bankrupt than will suffer a heart attack. More adults will file for bankruptcy than will be diagnosed with cancer. More people will file for bankruptcy than will graduate from college. And, ...Americans will file more petitions for bankruptcy than for divorce.” According to Herbert, the study she was quoting from went on to state, “Remarkably, a family with two earners today, actually has less discretionary income, after fixed costs...than did a family with only one breadwinner in the 1970’s.”

I recently called to make a reservation on Delta, an airline I’d not used in years. After waiting

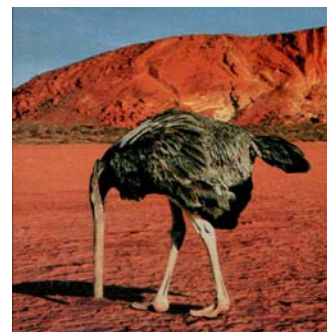
almost 15 minutes for an agent, I was connected with – you guessed it – a call center in India! Today about the only thing that isn’t being “outsourced” is appointments with the therapist one sees for depression about being unemployed. Tech support, reservations, computer programming, tax return preparation, even radiology interpretation have moved overseas. But is this really “new”?

I’m old enough to remember when I was a kid that all my toys were “Made in Japan”. But over the past twenty years, manufacturing moved from America **and** Japan to low-wage places all over the world. We’ve benefited as consumers with more product for less money. However, we’ve suffered on a national basis from a significant loss of opportunity and jobs. Many companies, especially those with global reach, are booking near-record profits, but many American communities are suffering. Local economies depend on local jobs both for tax revenue and consumer spending (unemployed people don’t pay taxes or spend much).

With much of this year’s press and political palaver focused on Iraq and terrorism, we are failing to see the evolving picture of capitalism as a Darwinian system. There is little thought given to the nostalgia of the old corner ice cream parlor, or the friendly community-centered hardware store. We’ve often traded the local bookstore for Amazon.com and Barnes & Noble, and the stores of Main Street for the malls, Costco, and Wal-Mart. Complete computer systems now cost less than a color monitor of a few years ago, but we must deal with the social and economic trade-offs.

I’m addressing this issue not to judge “good or evil,” but to suggest that we all become more aware of what is happening on various levels throughout our country and our communities. Many people are suggesting that the upcoming general election will be one of the most important in at least a generation. I happen to agree, and feel that we all need to become educated beyond the sound bites we are generally offered on television, and the incredibly partisan and simplistic comments of the political parties. We should be questioning, commenting, and *participating* in our democracy to shape our future. We cannot separate economics from social policy and we should try to understand the potential consequences of our choices.

I believe that profitable business is an essential part of a free and successful society, but that we, as shepherds of our own fate, have a duty to exercise our vote at the polling place *and* in the markets. We can then shape the future of our New Economy to be one in which we take pride.



Change is seldom comfortable, but are we aware of the implications of our decisions?

Avoid Identity Theft

The increased risks of identity theft, and its cost, both financial and in terms of aggravation, are becoming well known. Basic pieces of information such as your name, Social Security number, driver’s license number, address, and a credit-card number are often enough to create an entirely new persona for a thief. This financial sabotage can devastate your credit rating and consume endless hours of telephone and written communication to resolve.

The first step in prevention of identity theft is to reduce access to your personal identifying information. Start by removing your name from the marketing lists of the three major credit reporting bureaus to limit the number of pre-approved credit offers coming to your mailbox. You can call the credit reporting industry’s opt-out call number (888-567-8688) to remove your name from their member’s mailing lists. Once a year, obtain your own credit report from each of the three credit bureaus to check for any anomalies in your credit history. This annual checkup will not affect your FICO or credit score.

[Equifax Information Services](http://www.equifax.com), 800-685-1111
[Experian \(TRW\)](http://www.experian.com), 888-397-3742
[Trans Union](http://www.transunion.com), 800-888-4213

The direct mail industry also has a free removal service for

home addresses. You can write to:

DMA Mail Preference Service
Preference Service Manager
1120 Avenue of the Americas
New York, NY 10036-6700

Write to all of your credit-card companies and request that your name be removed from any marketing and promotional lists that they use, sell, or share with other companies. If any of them send out unsolicited convenience checks for cash advances, request that your name be removed from the mailing lists for those checks.

Register your telephone number with the National Do-Not-Call Registry by going online to <http://www.donotcall.gov>. There is no such registry for e-mail addresses to avoid spam. In fact, a current scam is soliciting e-mail addresses for a supposedly Do-Not-Spam service that actually sells your e-mail address to spammers.

Call your phone company to remove your name and address from the telephone book and reverse directories. Most phone companies impose a small monthly charge of \$1 to \$2 for this service.

Most states now require, or at least allow for, your driver’s license number to be different from your Social Security number. If your driver’s license still has your Social Security number, get it reissued. Also, check that there has not been a re-

sue of your driver’s license that you did not initiate.

Reorder bank checks if yours still have your Social Security or driver’s license number, middle name, or telephone number preprinted on them.

When you pay bills by check, do not leave them in your mailbox to be picked up. If stolen, a credit-card payment contains all the necessary information an identity thief needs to set up new accounts. Instead, take them to the post office, or better yet, begin paying your bills online.

Do not use the last four digits of your social security number, birthdate, middle name, mother’s maiden name, or pet’s name for security passwords. Even though it may be tempting, do not carry a written list of passwords with you. Either memorize them or keep the list in a secure place.

Shield your hand when entering PIN numbers at ATM machines. Thieves using binoculars or video cameras have been known to capture numbers by spying from a distance.

Carefully review all monthly credit-card statements for any unauthorized use.

If you suspect that someone may be using your identity, contact your state’s attorney general’s office to begin the process of cleaning up the mess.

From the Morningstar website

Due to the increasing incidents of identity theft, we are including more ideas and information on the topic as a component of our financial plans for clients.

This helpful information was recently posted over the internet and we share it with you.

Carol

“Basic pieces of information such as your name, Social Security number, driver’s license number, address, and a credit-card number are often enough to create an entirely new persona for a thief.”

Five Key Cost Factors to Purchasing Long Term Care Insurance

Buying a long-term care insurance policy is a complicated process involving many decisions about which features are right for you and what price you can afford. Among the many choices will be five key factors with the largest impact on price: your age, daily benefits, inflation protection, benefit period, and the elimination period.

Your age. The younger you are when you buy it, the less expensive the premiums. You can pay off the premiums over a set period, such as ten years, or pay level premiums for the remainder of your life, assuming you keep the policy in force. (Your state insurance commission can approve rate increases

for an entire class of policyholders.) Some professionals recommend buying LTC insurance as early as your 30s or 40s. Most recommend mid to late 50s or early 60s.

Daily benefits. Determining how much daily benefit you need should take into account sev-



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