



PLANNING STRATEGIES INC

A Registered Investment Advisor

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The Elections and Your Money By: Scott Smith

In case you haven't noticed...it's Presidential election time again. Election seasons have always been times for big promises, big scare tactics, and much sensationalism. Usually as the season builds we start to receive questions from our clients asking how the election outcomes might affect their finances. Since the Presidential fervor has started earlier this year than anytime that I can remember, I thought it might be a good topic for discussion.

The early start of the Presidential Primaries, combined with the extremely close races between candidates in both parties has been a dream come true for the media. The elections may be 8 months away, but we will all be bombarded by non stop coverage between now and then. Since we cannot escape it, it may be a good time to remember the two cardinal rules of Presidential Politics: 1. Don't talk about anything good. 2. Blame everything bad on the other side. Whatever side of the political isle you lean towards, you need to know that there is not going to be a lot of positive energy in the months to come. Gloom and doom is usually the name of the game. We are going to hear the media, the pundits, and the candidates themselves telling us how bad everything is, how worse it's getting, and how each of them is the only one who can fix it. And with a slowing economy, fallout from the sub prime problems, rising energy prices and a Country at war...they have plenty to talk about. That kind of constant negativity can make it easy to doubt the strength of the US economy and markets, and make it easy to worry about your money. And...although most of what we hear over

the next months will be spun in one direction or the other, there are major issues that will be affected by who wins the 2008 election. Future tax rates, government spending, social security and our course in the Middle East to name a few. And no matter who wins the Presidency, the solutions will not be as easy as their promises will have made them seem. So the question then, is whether or not the Presidential outcome should prompt any special actions or financial strategies. That leads to the real point that I hope to make in this discussion. No matter who wins the 2008 Presidency and no matter how the political landscape of the Country changes, we here at PSI will continue doing the exact same things we always do. We will continue coming into the office in the morning, creating financial plans to address the needs and goals of our clients. We will continue monitoring and caring for our client's investments. We will continue finding ways to reduce taxes, ways to provide income, ways to build wealth and mitigate risk. We will continue being jealous advocates of our client's finances. It really doesn't matter who presides in the Whitehouse...we will still be here doing our very best to help our clients make smart financial decisions. Whatever the political, monetary, tax and economic landscapes look like, there will always be strategies available to maximize the benefits to our clients. So as the partisan politics rage on over the months ahead, keep things in perspective and remember that your financial well being is in your own hands...not the hands of politicians. And we will be here to help you navigate the roads ahead. One final thought...remember to get out and vote!

Identity Theft Insurance: Is It For You?

**BY: Pamela Stoneroad
Smith's Insurance Agency, Inc**

What exactly is Identity Theft? Unfortunately, identity theft is a type of fraud perpetrated on common citizens or businesses. It is used to capitalize on your good name and credit. A criminal utilizes your personal information including names, dates of birth, social security numbers, driver's license numbers, codes, and/or account numbers to commit crimes, make purchases, get credit, or get a job. Basically, they are stealing your good name. This type of fraud can impact your life, finances, credit, and in some cases, your legal rights.

Is Identity Theft Common? According to the Federal Trade Commission, the statistics are staggering: In 2006, the total amount of consumer losses from identity theft was estimated at \$1.1 Billion. 25% of these losses were attributed to credit card fraud; 16% bank or loan fraud; 16% telephone, utility or other service fraud, and 14% were committed during employment processing. A study at Baylor University in 2006 showed that the incidence of identity theft has now surpassed drug sales and traffic to the number one reported crime in the United States.

- **What is Identity Theft Insurance & Should I Buy It?** Identity theft insurance protection varies from company to company. Most home and renter's insurance policies now offer this protection as an optional endorsement. Although the coverage and premium amounts vary, the protection is relatively inexpensive. Most insurance carriers offer between \$15,000-\$25,000 in protection for an annual premium between \$25 & \$50. The protection provides for reimbursement for costs involving restoring your identity and repairing your credit report. Many policies also cover costs of phone bills related to the identity theft occurrence, lost wages, certified mailing costs, notary services, as well as attorney fees. It is a great idea to talk with your insurance agent about this coverage today. Identity theft can happen to anyone!

Using Your IRA to Invest in Real Estate

By: Bazella Dombrowski & Co., CPA's

As we discussed in an earlier newsletter, it is possible for your retirement account to own real estate. First, you must establish a self-directed retirement account with a company/custodian that specializes in real estate IRA's. You can rollover the assets of an existing retirement account to do this. Here is a list of some things you can do within your real estate IRA:

1. Your real estate IRA can buy and sell multiple types of real estate including raw land, rental properties, condos, fixer-uppers, commercial properties, lakeshore, etc. Bear in mind, it's the self-directed real estate IRA that buys, owns and sells the property, not you personally. You don't withdraw the money from the IRA to buy the property - the custodian buys the property in the name of your self-directed IRA.

2. The property can be rented but the rental income is paid into your IRA, not you.

3. All the expenses of renting and operating the property must flow in and out of your self-directed real estate IRA. Be sure your self-directed real estate IRA has enough liquid reserve funds to cover operating expenses, improvements, etc. You can continue to contribute to your self-directed real estate IRA each year the maximum you are allowed.

4. It is possible to finance a property that is owned by your IRA, but the financing must be non-recourse. That means the property and not the IRA is the sole security for the loan.

5. Your real estate IRA can buy a partial interest in a property. This is useful if your IRA doesn't have enough money to buy 100 percent of the property. It could be a partner and own a fractional interest.

There are also some things that you cannot do within your real estate IRA such as:

1. Your real estate IRA cannot buy a property that you, your spouse or certain family members already own. Likewise, your real estate IRA cannot sell a property it owns to you, your spouse or certain family members.

2. You, your spouse or certain family members cannot have any personal use of the property owned by your real estate IRA.

3. Your IRA cannot lease the property to your business. Your business cannot use or occupy any part of the property.

Annual fees for establishing and maintaining a real estate IRA can range from about \$195 to \$1,750, depending upon complexity.

Eat Better!! Live Longer!!

By: Lori Fernandez

At PSI, we strive to help our client's obtain a comfortable financial life. But we also know our clients want to be as healthy as possible in order to enjoy it! With this in mind, what follows are 8 "super foods" that according to Barbara Gollman, MS, RD, spokesperson for the American Dietetic Association, says contain lots of nutrients and phytochemicals (naturally occurring plant substances that fight disease).

1. **Nuts.** Peanuts, almonds, pecans...eating a small amount of these or other nuts on a regular basis might reduce your risk of heart disease and cancer. Plus, they are chock full of the antioxidant vitamin E, artery-unclogging monounsaturated fats and lots of other phytochemicals.

2. **Chile peppers.** Capsaicin, the substance that gives chiles their heat, acts as a disease-preventing phytochemical.

3. **Tomatoes and tomato products.** The antioxidant lycopene in tomato-rich foods may help prevent prostate cancer and might also help prevent breast cancer. Cooked tomatoes are more effective than raw ones. Eat at least 10 tablespoons of tomato sauce a week!

4. **Berries.** All berries are good for you, but blueberries and raspberries seem to hold top spots on the berry nutrition chart. Their anthocyanins and ellagic acid (the substances that give them their rich colors) possess potential cancer and heart disease-preventing antioxidant properties.

Plus they are high in fiber and vitamin C. So remember, keep this information in the back of your mind as you make your food choices. After all, you never know just how long you will live!

5. **Leafy greens.** Folate, a much-talked about B vitamin, does triple duty. It's believed to prevent neural tube defects in unborn babies. So go for anything that's leafy and green.

6. **Quinoa.** This nutty-tasting food is unlike any other grain (although not a true grain, it is often called one). It's the only grain considered to be a complete protein. The sterols it contains may also lower cholesterol, decreasing your risk for heart disease.

7. **Yogurt.** It's good for your bones but that's not all. Most yogurts contain bacteria that help maintain proper digestive health and may help boost your immune system. Look for words "live and active cultures" – such as *L. acidophilus* and *Bifidus* – on ingredient labels.

8. **Tea.** Whether served iced, hot or decaffeinated, black or green tea – as well as some other non-herbal teas – may help prevent cancer and heart disease due to the antioxidant effects of the flavonoids and polyphenols they contain.

So remember, keep this information in the back of your mind as you make your food choices. After all, you never know just how long you will live!



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AND PAUL**



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