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About New Wealth Advisors.

New Wealth Advisors is an independent, fee-only, SEC-registered investment advisor, operating as a multi-family investment office. We work with newly wealthy individuals and families to protect, grow and manage assets.

The U.S. Dollar and Your Portfolio

The U.S. dollar has struggled over the last few years. The Canadian dollar recently reached parity with the greenback for the first time in three decades. In October 2000, the euro was worth 82 cents. Last year it hit a record $1.45 and kept going, while the British pound sterling was at a 25-year high. (All statistics are from the Federal Reserve system.) According to the Federal Reserve Board of Governors, as of last August the dollar had dropped 26% (adjusted for inflation) against the major industrialized nations' currencies, and 7% against key emerging-market currencies, since early 2002.

If you have no plans to travel abroad, don't eat imported out-of-season fruit, and buy only domestic cars, a weaker dollar may not worry you. However, a falling dollar can lead to rising inflation. Not only can it affect the price of commodities such as oil, but with the higher cost of overseas products, domestic manufacturers may feel more comfortable raising prices. And inflation can lead to higher interest rates, which could affect everything from credit cards to mortgage rates.

A diluted dollar also can affect your portfolio. If you've held international investments in the last few years, you may have caught a tailwind. Past performance is no guarantee of future results, of course, and there are special risks to global investments, including not only currency risks but also political risks and different accounting standards. Risk factors vary considerably by country and region, and as with any investment, you can lose some or all of the funds you invest.

However, returns produced in part by the dollar's decline are one reason investing globally has become popular. According to the Investment Company Institute, more than 90% of the $160 billion of net new money added to stock mutual funds in 2006 went into funds investing in foreign companies.

Looking over the hedge

A mutual fund that invests overseas may or may not try to hedge against currency fluctuations. Some are managed to try to minimize the impact of exchange rates; others deliberately do not hedge their currency exposure. Your preferred approach will depend on your view of the dollar's future and how much currency exposure you want in your portfolio. A weaker dollar may boost an unhedged fund's performance because the fund holds securities denominated in other currencies. However, an unhedged fund would suffer more from any dollar recovery. Obtain and read a fund's prospectus carefully before investing.

Domestic can also be global

A weak dollar makes U.S. companies' products cheaper abroad, which has benefited many large multinational corporations that are headquartered here but have substantial overseas sales. According to Standard & Poor's, roughly 44% of the 2006 revenues of companies in the S&P 500 Stock Index came from international sources; in 2001, that figure was 32%. Even companies without overseas operations may benefit. For example, with higher prices for overseas goods, some distributors and retailers have begun to find less expensive U.S. suppliers. Also, a weak dollar in the past has made some U.S. companies targets for foreign acquisition.

What goes down can come up

The dollar goes through cycles, of course. A stronger economy, higher U.S. interest rates or lower rates abroad, foreign currency crises, market turbulence, or lower federal deficits could help boost the dollar's value. When determining your overall asset allocation, consider both your currency exposure and your level of international investments.

Have You Received Your Stimulus Rebate Payment Yet?

In early May, the Treasury Department began the process of issuing rebate payments to over 130 million individuals--the result of provisions included in the Economic Stimulus Act of 2008, which was signed into law in February.

Who qualifies?

If you have a valid Social Security number, filed a 2007 federal income tax return, and had $3,000 or more of income, you probably qualify for a stimulus rebate. The rebate can be up to $600 per individual (up to $1,200 in the case of a married couple filing a joint federal income tax return). You may also be entitled to an additional $300 for each qualifying child you have under age 17.

If your adjusted gross income (AGI) exceeds $75,000 ($150,000 if you file a joint return with your spouse), the amount of your rebate payment will be reduced, or eliminated altogether. If you're not sure how much you're entitled to, or if you've received a rebate that was less than you thought it should be, check out the Economic Stimulus Payment Calculator on the IRS website, www.irs.gov.

Schedules for Stimulus Rebate Payments

Direct Deposit	
Last two SSN Digits	**Payment scheduled**
00 - 20	May 2
21 - 75	May 9
76 - 99	May 16

Paper Check	
Last two SSN Digits	**Payment scheduled**
00 - 09	May 16
10 - 18	May 23
19 - 25	May 30
26 - 38	June 6
39 - 51	June 13
52 - 63	June 20
64 - 75	June 27
76 - 87	July 4
88 - 99	July 11

When will I get my rebate?

If you're entitled to a rebate, and filed your 2007 federal income tax return on time, the IRS will take it from there. If you had your 2007 federal income tax refund directly deposited into a bank account, your rebate payment will be directly deposited as well. (If you weren't due a refund, but filled out the direct deposit information anyway, your rebate payment will be directly deposited.) Otherwise, a paper check will be mailed to you. The IRS has released a schedule for rebate payments for returns that were filed and processed by April 15, 2008. When you get your payment depends upon the last two digits of your Social Security number (on a joint return, it's the Social Security number of the primary filer--the individual who is listed first--that counts). Direct deposit rebate payments will be issued before paper checks.

What if I haven't yet filed my 2007 federal income tax return?

The announced schedules apply only to individuals with tax returns filed and processed by April 15, 2008. This is true even if you filed for an extension. In any case, to get a stimulus rebate payment this year, you'll need to file your return no later than October 15. After that date, the IRS will not commit to issuing rebate payments by the end of the year, and the Treasury Department has announced that no payments will be issued after December 31, 2008. So, if you don't file by October 15, you'll have to wait to claim the stimulus credit on your 2008 federal income tax return.

What if I'm not required to file a federal income tax return?

Many individuals who are not actually required to file a 2007 federal income tax return should do so anyway to claim their rebate payment. If you have at least $3,000 of qualifying income (qualifying income includes wages, net selfemployment income, Social Security benefits, Tier 1 Railroad Retirement benefits, VA disability and survivor benefits, and combat pay), you may be eligible for a rebate payment of $300 ($600 for married individuals filing joint returns) even though you would owe no taxes and aren't required to file a federal income tax return. Again, if you're not sure, check the IRS calculator.

How will the rebate affect my 2008 taxes?

Your stimulus rebate payment is actually the prepayment of a 2008 tax credit. When you file your 2008 federal income tax return in 2009, you will reconcile the amount of the credit that you're entitled to--using 2008 figures-- with any rebate payment that you've already received. If it turns out that you're actually entitled to a larger credit based on your 2008 tax return, you'll get the difference as a tax credit on your 2008 return. But, if it turns out that you should have received less than the amount that you received as a rebate, you don't have to pay back the difference.

Where can I get more information?

The IRS has consolidated all announcements and has posted an incredible amount of helpful information on a new "stimulus payment" section of its website, www.irs.gov.

Of course, a tax or financial professional can also help you with any questions you may have.

Tax-Wise Gifting Strategies for Seniors

You've spent most of your life building your wealth. Now, your concern may have shifted to reducing your estate and saving taxes. Making gifts is one way to reduce your estate. But because gifting can trigger federal gift tax, as well as federal generation-skipping transfer tax (GSTT) if the gift is to someone who is more than one generation below you (e.g., grandchildren), you'll want to consider making gifts in ways that will minimize tax. Here are some tax-wise gifting strategies to consider.

When giving to charity:

- *Only give to "qualified" charities. See IRS Publication 78.*
- *Avoid giving cash, unless you get a receipt.*
- *You must obtain a "qualified appraisal" for donations of property worth over $5,000 (other than cash and publicly traded securities), and you must attach an appraisal summary (IRS Form 8283) to your tax return.*

Take full advantage of the federal annual gift tax exclusion and lifetime exemption

For 2008, you can give tax free up to $12,000 per recipient ($24,000 if the gift is from both you and your spouse) under the annual gift tax exclusion. Gifts over that amount are tax free to the extent of your $1 million lifetime gift tax exemption ($2 million lifetime GSTT exemption).

Contribute to 529 plans

If you fund a 529 plan for your grandchild's college education, you can contribute up to five years' worth of gifts at once; that's $60,000 per child, or $120,000 per child if you and your spouse elect to make the gift.

Pay tuition and medical expenses

You can make unlimited tax-free gifts by paying medical bills or college tuition on behalf of a recipient. Payments must be made directly to the medical care provider or college.

Make charitable donations

Donations to charity are completely free from gift tax and are also generally deductible for income tax purposes, subject to certain limitations.

Make gifts and pay the gift tax

This may seem counterintuitive, but sometimes making gifts and paying the gift tax can be advantageous. The reason is that gift tax paid is removed from your estate. So, gift taxes paid on lifetime gifts can significantly reduce overall federal gift and estate taxes.

Types of property to gift

Selecting the type of property to gift can be very important. Here are some things to consider:

- Gift property that may grow substantially in value over time, such as common stock, antiques, art, and real estate. This strategy removes any future appreciation of this property from your estate.
- Be careful when gifting appreciated property. Because a property's basis (generally its cost) is carried over to the recipient, gifts of appreciated property can be good in some circumstances but not in others. You may not want to give highly appreciated property if the recipient will recognize a substantial capital gain when the property is sold. On the other hand, you may want to make that gift if the sale of the property is imminent anyway and the recipient would owe less tax than you upon the sale.
- You should avoid giving property that is likely to lose value after the gift has been made. Also, it's not generally a good idea to give away depreciated property. The recipient's basis for recognizing a loss is the lower of your basis (carryover basis) or the current fair market value. The recipient may be unable to recognize the loss on the property. Both you and the recipient may lose the loss deduction.
- Gift assets that yield higher amounts of income instead of those that yield lower amounts. This will prevent the buildup of income in your estate. Similarly, gift assets that produce taxable income instead of those that produce less taxable income, such as municipal bonds.
- It may be possible to reduce your ownership interest in a closely held business (or an interest in real estate) so that it may be valued at a discount. For example, if you have a minority interest (49% or less) in the stock of a closely held business, you may qualify for a discount. Also, a fractional interest in real property may be valued at a discount. It may be beneficial to make a gift of stock or an interest in real estate to qualify for the discount.
- Be careful when giving S corp stock to a trust, as the business may lose S corp status.

ASK THE EXPERTS

What are the pros and cons of online banking?

Online banking: faster, better, and cheaper? As with anything, there are pros and cons; here are some to think about.

Pros

Convenience: Online banking sites are open 24/7. You can check your accounts and pay your bills in the middle of the night or on the weekend, all while sitting comfy in your jammies and bunny slippers. Organization: All your account information is displayed in an organized fashion. You won't need to keep a shoebox full of old monthly statements, canceled checks, and ATM slips --you can go paperless.

Automation: You can schedule bill payments to occur automatically, and once you've entered pertinent information, you won't have to keep doing so for subsequent transactions.

Bells and whistles: Many online banking sites offer account aggregation (managing several accounts from one site) and compatibility with money-management programs. Some also offer stock quotes, portfolio management programs, and e-mail alerts of various types.

Cons

Fear of cyberspace: Not everyone is computer literate. Setting up online banking accounts can take time, and using them requires a bit of savvy.

You still have to go to the bank: To make deposits (other than direct deposits), you generally have to mail in a check, or go to a brickand-mortar office or an ATM. (These last two options get a little tricky if the bank is an online-only bank.)

Where's the beef?: Because online (especially online-only) banking services may not keep "real" records of transactions (and may keep online records only for a certain period), you may want to "call for backup" by printing out copies of your online statements and images of your canceled checks, particularly important ones, such as those that show tax payments. While this somewhat defeats the idea of going paperless, you may be able to get by with fewer shoeboxes.

How can I protect my online finances?

Whether banking, managing a portfolio, or shopping, taking care of business on the Internet can be convenient, but it can also be fraught with danger if you aren't careful. Here are some tips to help you keep your finances safe in cyberspace. Protect yourself first: Install a firewall on your computer. Also install anti-virus and anti-spyware software, and keep them up to date. Create strong passwords (long combinations of letters, numbers, and symbols) and personal identification numbers (PINs) that are hard to guess. Change passwords and PINs on a regular basis, and don't leave a list of them out in plain view in your home or office.

Know where you're going: To make sure you're getting to where you want to be, navigate to websites by typing the URL in your browser's address bar or using bookmarks you have set up. Don't navigate to websites by clicking on links embedded in e-mails; being the victim of a phisher or pharmer isn't phun, and can cost you a phortune.

Security check: Make sure you're doing business on portions of websites that are secure. If they are, the URL begins with "https," not "http," and/or a small lock icon appears in a corner of the site. In addition, read the privacy policy on the website to see if your data is encrypted (protecting it from theft by either hackers or unscrupulous employees). Back up your data: No matter how secure your computer or the sites you visit, your computer may crash or you may be "hacked." For that reason alone, it's a good idea to back up any important information you have on your computer to a removable disk or external hard drive that can be stored in a safe place.

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