newWealth advisors

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Why Work with a Financial Professional?

If you're like most people, you probably bring your automobile to a professional mechanic for routine maintenance. You see a doctor when you have concerns about your health, and for regular exams. When the need for legal counsel arises, you consult an attorney. All of us rely on the expertise of others. It's no different when it comes to personal finances—most people could benefit from working with a financial professional. Here are some good reasons to do so:

You don't know what you don't know

No one can be an expert on every subject. Managing your finances on a day-to-day basis is one thing; implementing a comprehensive investment plan to fund your retirement while setting aside funds for your child's education is something else. That doesn't mean that you're not capable of doing it, only that you shouldn't underestimate the expertise needed to put together an effective plan. If you're going to go it alone, you'll need to educate yourself, and that brings us to the next point...

You have good intentions, but never set aside the time

There's an entire industry built around providing individuals with the tools they need to do their own financial planning. Books, magazines, websites, calculators, worksheets, and videos all empower individuals to take a more active role in their financial future, whether they're working alone or with a financial professional. Not one of these tools, however, will help unless you set aside both the time to learn to use the tool, and the time to apply the tool to your own situation. Working with a financial professional forces you to stop procrastinating, and shifts the time commitment from you to the professional.

Doing it all yourself isn't efficient

There's a long list of things that we could do ourselves but choose to pay someone else to do for us instead. For example, you could paint your house, but you may be happy to pay someone else to do it. Why? It's more efficient. You can spend the time working on other things and, if you choose the right professional, it will probably be done faster and better than if you did it yourself. The same goes for working with a financial professional.

You're not objective

It's hard to look at your own situation objectively. Having someone else with experience analyze your financial condition can be extremely helpful. And, in cases where you and your spouse aren't on the same financial page, a financial professional can listen to all concerns, identify underlying issues, and help you find common ground.

Keeping up with change is a full-time job

In the last two years, there have been at least five major pieces of tax legislation signed into law. Even seasoned financial professionals have had a difficult time keeping up with the changes. Not understanding how these changes might affect your financial plan could be dangerous, but understanding the changes takes time and effort.

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.

You see the trees, but not the forest

A good financial professional can help you see the big picture. He or she can show you how your financial goals are related—for example, how you might save for both your child's college education, as well as your own retirement. He or she can work with you to prioritize your goals, implement specific strategies, and choose suitable products or services. A financial professional can also stay on top of your plan to make sure it remains on track, recommending changes when conditions, or your circumstances, dictate.

Setting and targeting investments goals

Go out into your yard and dig a big hole. Every month, throw $50 into it, but don't take any money out until you're ready to buy a house, send your child to college, or retire.

It sounds a little crazy, doesn't it? But that's what investing without setting clear-cut goals is like. If you're lucky, you may end up with enough money to meet your needs, but you have no way to know for sure.

How do you set investment goals?

Setting investment goals means defining your dreams for the future. When you're setting goals, it's best to be as specific as possible. For instance, you know you want to retire, but when? You know you want to send your child to college, but to an Ivy League school or to the community college down the street? Writing down and prioritizing your investment goals is an important first step toward developing an investment plan.

What is your time horizon?

Your investment time horizon is the number of years you have to invest toward a specific goal. Each investment goal you set will have a different time horizon. For example, some of your investment goals will be long term (e.g., you have more than 15 years to plan), some will be short term (e.g., you have 5 years or less to plan), and some will be intermediate (e.g., you have between 5 and 15 years to plan). Establishing time horizons will help you determine how aggressively you will need to invest to accumulate the amount needed to meet your goals.

How much will you need to invest?

Although you can invest a lump sum of cash, many people find that regular, systematic investing is also a great way to build wealth over time.

Start by determining how much you'll need to set aside monthly or annually to meet each goal. Although you'll want to invest as much as possible, choose a realistic amount that takes into account your other financial obligations, so that you can easily stick with your plan. But always be on the lookout for opportunities to increase the amount you're investing, such as participating in an automatic investment program that boosts your contribution by a certain percentage each year, or by dedicating a portion of every raise, bonus, cash gift, or tax refund you receive to your investment objectives.

Which investments should you choose?

No matter what your financial goals, you'll need to decide how to best allocate your investment dollars. One important consideration is your tolerance for risk. All investments carry some risk, but some carry more than others. How well can you handle market ups and downs? Are you willing to accept a higher degree of risk in exchange for the opportunity to earn a higher rate of return?

Whether you're investing for retirement, college, or another financial goal, your overall objective is to maximize returns without taking on more risk than you can bear. But no matter what level of risk you're comfortable with, make sure to choose investments that are consistent with your goals and time horizon. A financial professional can help you construct a diversified investment portfolio that takes these factors into account.

Investment goal and time horizon	At 4%, you will need to invest	At 8%, you will need to invest	At 12%, you will need to invest
Have $10,000 for down payment on home: 5 years	$151 per month	$136 per month	$123 per month
Have $50,000 in college fund: 10 years	$340 per month	$276 per month	$223 per month
Have $250,000 in retirement fund: 20 years	$685 per month	$437 per month	$272 per month

Table assumes 3% annual inflation, and that return is compounded annually; taxes are not considered. This is a hypothetical example and is not intended to reflect the actual performance of any investment.

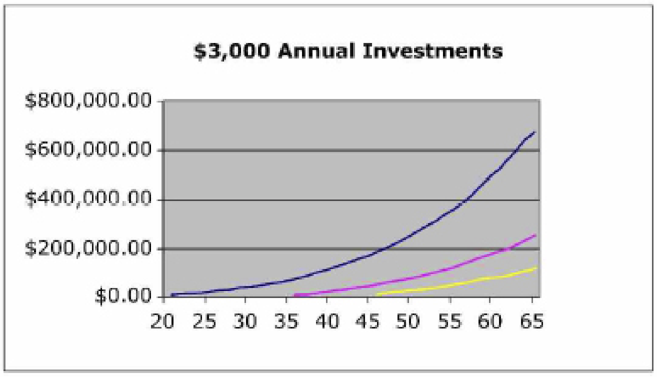
Investing for retirement

After a hard day at the office, do you ask, "Is it time to retire yet?" Retirement may seem a long way off, but it's never too early to start planning—especially if you want retirement to be the good life you imagine.

For example, let's say that your goal is to retire at age 65. At age 20 you begin contributing $3,000 per year to your tax deferred 401(k) account. If your investment earns 6 percent per year, compounded annually, you'll have approximately $679,000 in your investment account when you retire.

But what would happen if you left things to chance instead? Let's say that you're not really worried about retirement, so you wait until you're

35 to begin investing. Assuming you contributed the same amount to your 401(k) and the rate of return on your investment dollars was the same, you would end up with approximately $254,400. And, as this chart illustrates, if you were to wait until age 45 to begin investing for retirement, you would end up with only about $120,000 by the time you retire.



(This is a hypothetical example and is not intended to reflect the actual performance of any investment.)

Investing for college

Perhaps you faced the truth the day your child was born. Or maybe it hit you when your child started first grade: You only have so much time to save for college. In fact, for many people, saving for college is an intermediate-term goal—if you start saving when your child is in elementary school, you'll have 10 to 15 yearsto build your college fund. Of course, the earlier you start the better. The more time you have before you need the money, the greater chance you have to build a substantial college fund due to compounding. With a longer investment time frame and a tolerance for some risk, you might also be willing to put some of your money into investments that offer the potential for growth.

Investing for a major purchase

At some point, you'll probably want to buy a home, a car, or the yacht that you've always wanted. Although they're hardly impulse items, large purchases are usually not something for which you plan far in advance—one to five years is a common time frame.

Because you don't have much time to invest, you'll have to budget your investment dollars wisely. Rather than choosing growth investments, you may want to put your money into less volatile, highly liquid investments that have some potential for growth, but that offer you quick and easy access to your money should you need it.

Review and revise

Over time, you may need to update your investment plan. No matter what your investment goal, get in the habit of checking up on your portfolio at least once a year, more frequently if the market is particularly volatile or when there have been significant changes in your life. You may need to rebalance your portfolio to bring it back in line with your investment goals and risk tolerance. If you need help, a financial professional can help you decide which investment options are right for you.

Tax Planning and Compliance

For most individuals and families, taxes represent one of the largest recurring expenditures and are a significant impediment to wealth accumulation. To be on top of the game and substantially mitigate your tax liability requires sophisticated tax planning and compliance. But where does one turn for the most intelligent tax guidance? Who can best help you to take full advantage of all available strategies, tools, and vehicles to ensure compliance while, at the same time, minimizing your exposure to tax liabilities?

You may know that New Wealth Advisors is an affiliate of the accomplished CPA firm, MFA — Moody, Famiglietti and Andronico. And did you know that the personal tax consultants at MFA can not only prepare your state and federal tax returns but also design a customized, strategic tax plan to ensure your finances are structured efficiently and effectively, thus minimizing the amount of taxes you will pay over time?

MFA's tax team believes that intelligent tax planning is an efficient means of maximizing cash flow to help people meet their financial objectives. As such, they provide insight that clients need to make informed and better decisions with respect to their personal, fiduciary, and business affairs and they continuously strive to offer cost-effective choices to those decisions. Simply put, they put the tax laws to work to their clients' advantage.

MFA's expertise encompasses the full spectrum of tax matters that individuals and families may encounter, including the taxation of:

- Family trusts and beneficiaries
- Investors and investments
- Retirement plan assets
- Pension benefits
- Capital gains transactions
- Estates and estate trusts
- College funding assets
- Multi-generational asset transfers and gift taxes
- Legacy planning & estate taxes
- Financial products & shareholders
- Charitable trusts
- Employee benefits
- Insurance
- Expatriates & foreign nationals
- Private foundations
- Executives & equity based compensation plans
- Multi-state taxation
- Private business and shareholders

If you'd like to learn more about how MFA can help to ensure your tax affairs are complete while simultaneously maximizing your cash flow and wealth, I encourage you to contact:

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ASK THE EXPERTS

Can I enroll in Medicare at age 65, even if I'm not yet eligible for full Social Security benefits?

Yes. Although full retirement age for Social Security is increasing, 65 remains the age at which most Americans become eligible for Medicare. You don't have to be retired to enroll in Medicare, so you should still consider signing up for Medicare Part A (hospital insurance) and Medicare Part B (medical insurance) at age 65, even if you plan on working longer. Make sure to contact the Social Security Administration approximately 3 months before your 65th birthday to discuss your options, because enrollment rules are relatively complicated, and there may be consequences if you wait until later to sign up.

For example, when you become eligible for Medicare Part A at age 65, you have a certain period, called your initial enrollment period, in which to sign up for Medicare Part B. Most people won't pay a premium for Part A, but you'll always pay a premium for Part B. Your initial enrollment period is a seven-month period that begins three months before your 65th birthday, includes the month you turn age 65, and ends three months after your 65th birthday. If you don't sign up for Part B during your initial enrollment period, you can't sign up until the next general enrollment period that runs from January 1 through March 31 of each year, and you'll generally pay a higher premium for Part B coverage. Your monthly premium will increase by 10% for each 12-month period you were eligible for, but did not enroll in, Medicare Part B, unless you were covered by group health insurance through your employer or your spouse's employer. In that case, you may qualify for a special enrollment period, and you may not have to pay a premium penalty.

For more information about enrollment requirements and other factors you should consider when deciding when to sign up for Medicare, contact the Social Security Administration at (800) 772-1213 or visit the Medicare website at www.medicare.gov.

What are Medicare Advantage plans?

Most people who are covered by Medicare are enrolled in original Medicare. Original Medicare includes Part A, which helps cover inpatient hospital care, skilled nursing care, hospice care, and some home health care, and Part B, which covers medically necessary services, including doctor's visits, outpatient care, and some preventative services.

As an alternative to original Medicare, you may opt to enroll in a Medicare Advantage (MA) plan when you first become eligible for Medicare (and have already enrolled in Parts A and B), or during certain enrollment periods. MA plans are also called Part C plans, and although they are part of the Medicare program, they are managed by private companies. MA plans provide all the benefits and cover all of the

services that original Medicare provides. However, they may also offer benefits and services that are not covered under original Medicare (but which may be covered under an optional supplemental policy), including prescription drug coverage, vision care, dental services, and hearing aids, although coverages vary.

But while original Medicare allows you to visit any health-care provider or facility that accepts Medicare, most MA plans are managed care plans—either HMOs or PPOs—that have provider networks. This means that you'll usually need to see a health-care provider who belongs to the plan or receive health-care services through a facility included in the network. This may limit your choice of healthcare providers. Other MA plan types may be available, including private fee-for-service plans, but these are less common.

You can generally join an MA plan if you live in the service area covered by the plan, and you have Medicare Parts A and B. But before choosing an MA plan, make sure it suits your needs. Review the benefits provided and coverage limits, and the provider network (if any). You should also make sure you understand what out-of-pocket costs may apply. These may include premiums, deductibles, and copayments that are different than those in original Medicare or a supplemental policy.

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