



Your Bottom Line

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Navigating a clear course toward your financial security.



Warren Mackensen

Warren Mackensen serving on NH Electric Co-op Board

Last June, I was elected to the New Hampshire Electric Co-operative Board of Directors. The NH Co-op is headquartered in Plymouth, NH, and has ten district offices serving 116 towns and cities in New Hampshire. The 11-member board meets monthly. You might ask, "Why is my financial advisor serving on the board of an electric utility?" That's a fair question.

First, I will share some of my personal background so that you may know your financial advisor a little better. I started learning about electrons at an early age with my model railroad set. I was fascinated with electricity as a young boy and a teenager. I eventually obtained a ham radio license and a commercial broadcasting license. While I was in high school, I worked as a transmitter engineer at radio station WAAB and WAAF in Worcester, Massachusetts.

I went on to earn an electrical engineering degree from the U. S. Naval Academy. After my tour of duty making electrons in a nuclear submarine, I worked five years at Seabrook Station testing plant systems and making "bigger electrons." I also worked for several years as the general manager of administration at a

power line contractor in Kittery, Maine, where I learned more about the transmission and distribution aspects of moving electrons.

Managing money is a lot like generating and distributing electrons. Your financial assets represent a storehouse of energy. There are certain life goals that you want to achieve. Our firm helps you convert your assets to income streams that do meaningful work to help you achieve your life goals. We can increase the flow of electrons (money) if the generating source (the portfolio) is properly positioned and well-oiled with a solid investment policy. We work at keeping your money flowing every day.

Putting the electrical analogies aside, I believe that, at age 58, it's time for me to further my community service beyond the Boy Scouts, where I was a Scoutmaster for many years, and my church pastoral council. By offering my talents outside of the financial arena, and outside the immediate Hampton area, I learn more about management techniques and issues challenging other people in our nation.

If you are just a bit curious about electrical cooperatives, you should know that the NH Electrical Co-op was founded in 1939 under the Rural Electric

Administration created during Franklin D. Roosevelt's time. The NH Electric Co-op is one of 930 non-profit electric cooperatives nationwide. Although cooperatives supply only 12% of the electricity to consumers in the US, the geographical territory of electrical co-operatives encompasses 43% of the US and includes 47 of the 50 states. On average, the NH Electric Co-op supplies power to only 14 members per mile in New Hampshire, whereas the average utility has 40 customers per mile.

What is really impressive about co-ops is their strong bonding with co-ops in other states. For example, after the hurricanes last fall, an 11-member team of linemen and office workers from the NH Electric Co-op traveled to Louisiana to help beleaguered (and overwhelmed) southern co-op employees. This sharing of talent was a life-changing event for the 11 members from New Hampshire who took part in this venture.

The exposure to the inner workings of an electrical co-op broadens my perspective and indirectly helps me counsel you with your various goals and objectives. ❖



David A. Batchelder

Speaking to Your Parents

Noted psycho-therapist, Olivia Mellon, was recently featured in Investment Advisor magazine (February 2006). She offered the

following guidelines for you to use when speaking with your parents about money.

In our society, money means control and power. It's natural for parents to resist losing or giving up this control, especially if declining physical abilities have already made them feel fearful or impotent. That's why clumsy inquiries about their finances by an adult child, even one they have always trusted, may be met with defensiveness and rebuff. Here are some ways for children to create a dialogue that reassures them their control is still respected:

Don't wait for a crisis. It's much more difficult to talk about plans and wishes in the middle of an emergency.

Proceed slowly... You may have to persist for several weeks or months, sharing pertinent articles and gently mentioning your need for peace of mind about your parents' plans, in order to win their agreement to talk.

Respect your parents' right to keep their affairs private. If they don't want to share their financial picture with you, ask them to have a qualified advisor give it a "safety check."

Use language that isn't threatening. For example, say, "What would you like to do with your

estate?" rather than the more loaded "What would you like to do with your money?" Instead of a question about inheritances, asking "What would you like your legacy to be?" can open up a dialogue on values, wishes, and goals.

Don't infringe on your parents' independence by implying that you expect an inheritance or gift. If they feel like being generous with their money, that's up to them.

If you are asking for help now, always give them an opportunity to refuse gracefully. ("If you aren't able to do it, I can accept that. We'll manage another way.")

Keep their wishes paramount. If they would rather use their money to travel instead of helping you with a down payment on a vacation home, gently remind yourself that it's their money.

Be sure to keep your siblings informed. If they've designated you as the point person, try to head off problems by religiously keeping all of them up to date. ❖

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Capital Gains Rates

As this goes to press, it looks like Congress will extend the 15% long-term capital gains tax rate for another two years – until 2010. There may also be some progress on reducing or killing the effects of the Alternative Minimum Tax that is now affecting many middle-American taxpayers. We will let you know when these provisions are signed into law. ❖

Starting Social Security. . . .

As one approaches 62, the subject of signing up for Social Security arises. With greater longevity, commencing social security withdrawals too early can reduce the overall amount received. For example, collecting Social Security at age 62 causes you to lose five-ninths of one percent for every month you are younger than 65. To put this into perspective in real dollars, if your retired at 62 and lived to 90, your total benefits will be (on average) \$376,000. If you delayed taking benefits until age 65, your total benefits to age 90 will be \$420,000. That's enough of a difference to give pause about collecting Social Security immediately at age 62. ❖

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