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Your Bottom Line

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Navigating a clear course toward your financial security.

"Do-Not-Call" List Becomes Law

Warren Mackensen

President Bush signed legislation creating a national "Do-Not-Call" list intended to help consumers block unwanted telemarketing calls. The bill allows the Federal Trade Commission (FTC) to give consumers a choice about whether they want to receive most telemarketing calls. Consumers soon will be able to put their phone numbers on a national "Do-Not-Call" registry. It will be illegal for most telemarketers to call a number listed on the registry and could result in a fine of up to $11,000. There are some calls that will go through – those from certain industries, such as airlines, banks and telephone companies. Charities, surveys and calls on behalf of politicians would also be exempt.

The Commonwealth of Massachusetts began its own "Do-Not-Call" list April 1st – you may sign up at *https://www.madonotcall.govconnect.com/Welcome.asp*. Currently, New Hampshire and Maine do not conduct their own programs.

Beginning in July, consumers will be able to put their telephone numbers on the national registry, which telemarketers will be required to access. When registration opens in July, consumers can register for free in either of two ways: online or by telephone. The FTC will announce the Web site address for online registration and the toll-free number in June. We will forward that information to you once it becomes available. ❖

Beneficiary Designations

Your will does not dictate the way that *all* assets will be distributed. The distributions from tax-deferred assets, such as IRAs, pensions and insurance policies, are contractual in nature. They are governed by the beneficiary designation forms that were completed at the time the accounts or policies were created. These beneficiary designations take precedence over the provisions in your will.

After your will is executed, review the beneficiary designations of your 401(k)s, 403(b)s, TSAs, IRAs, life insurance policies and other similar documents. The beneficiary designations need to be coordinated with the provisions of your will. Change the beneficiaries as necessary.

If you are unsure or would like to reconfirm who your beneficiary designations are on your accounts, please do not hesitate to contact us. It is important to coordinate beneficiary designations with your will. ❖

Are you properly protected?

Everyone has a story of an acquaintance, relative or sports figure that passed away unexpectedly, sometimes at a relatively young age. Despite these events hitting close to home, too many people do not adequately plan for their mortality.

Obviously, a will is the first step. Everyone over the age of 21 should have one, even if there are few assets at stake. Without a will, relatives bear a greater amount of post-mortem turmoil as the state decides where your assets will go.

Proper estate planning documents reduce the feeling of helplessness that the survivor's family must endure until the loss is more distant.

Set a date to get a will executed and do not put it off any longer. Everyone has excuses for not doing a will, such as uncertainty about naming a sibling as a guardian for minor children, but in reality, the excuses boil down to the inability to face mortality. If you knew you were going to die tomorrow, you would make decisions based on the best information available and get it done today.

If you are married and your combined estates, including your home, investments, retirement plans, cars and life insurance exceed $1,000,000, then you need to consider revocable trusts in addition to wills. Significant estate taxes may be avoided with a proper estate plan. ❖

Is your child heading to college soon? Here are some tips:

Susan Veligor

College Financial Aid – When should you start the process? Long before you realize. The calendar year on which your Expected Family Contribution (EFC) is based includes the second semester of your child's junior year of high school through the first semester senior year. Then, in January of your child's senior year, you submit the numbers for the year just completed. Therefore, you need to make plans to optimize your financial situation as best as you can prior to the second semester of your child's junior year. Get familiar with the forms as soon as you can.

When your college-bound student gets a work/study award as part of a financial aid package, the award may be only an opportunity and not guaranteed aid. Many colleges require students to compete for available jobs and not all students actually get into a work/study program. Ask what the hourly rate will be to determine the number of work hours per week. Also, find out whether financial aid awards are paid in cash or credited to your bill.

Insurance coverage – Will your homeowner's insurance cover your child's contents in his/her dorm room, such as a computer, microwave, and personal belongings? What about car insurance? Will your child's car be covered if he/she goes to school in another state? If your child is not taking a car to school, attends college more than 100 miles away from home and is an occasional operator on your auto policy, speak to your insurance carrier. You may be eligible for a reduced premium.

Credit cards – Have you discussed with your child the use of credit? Rather than letting them learn the hard way by getting into debt over their heads, teach them about credit by allowing them to have a credit card with a low limit while they are in high school. *Better:* Apply for a card that is backed by cash of his/her own. A representative at your local bank can discuss setting up a card of this nature. ❖

College vs. Retirement Savings . . . .

Jill Boynton

Is it more important to save for retirement than it is to save for college expenses? It all depends on your values. If you have always dreamed of financing your children's college education so they do not have to struggle with school loans, then do it; but consider this as well. By the time all your children graduate from college, you may be in your 50s or 60s. Although it is not too late to start saving for your retirement, you will be far behind in generating a comfortable retirement nest egg. Instead, maximize retirement contributions every year and put residual discretionary income into the college savings plans. In other words, "pay yourself first." Then, while your children are in college, the retirement money that you stashed away earlier will be compounding nicely. Pay some of the college expenses out of current earnings and consider loans for the rest. This will allow you to spread the burden over more years. ❖

2003 Retirement Contributions . . . .

	Under 50	50 or Older
IRAs, Roth IRAs	$3,000	$3,500
401(k), 403(b) & 457	$12,000	$14,000
SIMPLEs	$8,000	$9,000

Verify your retirement contributions on your pay stub before tax time in case there are inconsistencies.

Adviser's Statement Available . . . .

The Investment Advisers Act of 1940 requires that all registered investment advisers offer a disclosure statement to all clients at least annually. Mackensen & Company invokes the "brochure rule" and offers our Form ADV Disclosure Statement to all clients and prospects. This eight-page disclosure statement is written in paragraph form and is easier to read than the government Form ADV. Call or write if you would like a copy sent to you. ❖

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