



Your Bottom Line

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Navigating a clear course toward your financial security.

Warren Completes Board Term



Warren Mackensen

Warren recently completed a three-year term on the Board of Directors of the New Hampshire Electric Cooperative (NHEC).

The Co-op serves 116 communities in New Hampshire and has 80,000 members. During Warren's term, he helped the Co-op increase its solar energy awareness, which resulted in the installation of a solar domestic hot water system at the Co-op headquarters in Plymouth, NH. ❖

Serving on Non-Profit Boards

If you are serving on a non-profit board, we recommend that you call our office to ask us to send you our Non-Profit Board Checklist. The checklist provides 19 items that are critical to the success of your board and that will help you protect your personal liability. *Example:* When Warren served on a previous board (not NHEC), he was told that the board had liability insurance for its directors and officer. When he asked to see the policy, the managing entity could not produce it. In fact, everyone thought they were covered based on past discussions, but there was no policy in place.

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As a board member, your job is to ask the tough questions. You need to verify the accuracy of everything that is presented to you. *Example:* Do not accept a spreadsheet as a substitute for an investment statement received directly from the investment custodian. A spreadsheet may show investment reserves, when, in fact, they have been pilfered by an unscrupulous employee.

Similarly, anyone can put profit and loss numbers on a spreadsheet and make an organization look solvent. Instead, watch the bookkeeper actually print the financial statements from the accounting software.

You are the one who has to be looking five and ten years ahead to see if your organization will be able to sustain itself long term. You are the visionary that sets the policy. Board service can be very fulfilling. We hope you will give your community or favorite charity the gift of your time. ❖

Business Continuity Planning

With this copy of *Your Bottom Line*, clients are receiving a copy of our *Privacy Notice* and our *Client Communications Handout*. Please keep the communications information handy so that you may contact us if the need arises during a natural disaster in our area. ❖

Equity-Indexed Annuities . .

An equity-indexed annuity is a special type of contract between you and an insurance company. During the accumulation period – when you make either a lump sum payment or a series of payments – the insurance company credits you with a return that is based on changes in an equity index, such as the S&P 500 Composite Stock Price Index.

Equity-indexed annuities are complicated products that may contain several features that can affect your return. There are many investor alerts on the Internet regarding equity-indexed annuity products. Be careful of these annuity products and be sure you fully understand them before making a purchase. There are numerous alternatives to equity-index annuities that are much better investments. Please call us to discuss your options if you are ever considering an equity-indexed annuity. ❖

Referrals Are Appreciated . .

The highest compliment that you can give us is to refer your friends and relatives to our office. To protect their privacy, we ask that you obtain their permission and then forward their names to us. We will send them a letter of introduction and information about our firm. Of course, there is no charge for an initial meeting and all discussions are held in strictest confidence. ❖



David A. Batchelder

The HIPAA Catch-22

The Health Insurance Portability and Accountability Act of 1996 frequently causes a Catch-22 situation. Brought about by the increased use of electronic records, HIPAA was designed to provide greater privacy protection. Unfortunately, the increased privacy protection can preclude your immediate family from obtaining the necessary health records to assist you when you need them most.

You may have documents that authorize your family to make health care decisions for you if you are unable to do so yourself. Often, these documents spring into effect upon the determination of your incapacity.

The Catch-22 situation occurs when your doctor feels that certifying your incapacity to others would be a prohibited disclosure of medical conditions outside of the privacy rules. As a result, the person named in your documents to act on your behalf is unable to assume the role that you expected him/her to perform.

Solution: Have your attorney review this important area and generate HIPAA-compliant authorizations in your estate plan. Once you have the documents, ensure your named relatives have copies of them for instant access. ❖

The Sub-Prime Mortgage Mess

In seeking the cause for this current mess, we must look to ourselves. As a country, we are notorious for living beyond our means. Certainly “Keeping Up with The Jones” is not a new ambition, but in recent years The Jones’ have had more and more stuff to keep up with. Not the least, the ability to own their own home. Unfortunately, we have become a country reliant on credit to maintain this particular status quo.

There was a time when homes were purchased after years of savings and prudent budgeting. However, with “no down payment” loans being dangled in front of every media-subject consumer, the idea that a savings account needs to exist before making such a major investment went by the wayside. Ridiculously low-interest adjustable rate mortgages offered the promise of instant gratification, while the approval of low-standard mortgages assured even poor-credit consumers that home-ownership was within their means.

Why weren’t lenders more conscientious about the quality of the loans they were making? Why couldn’t they foresee the inevitability of the current situation? Well, mainly because they were focused on their lining their own pockets.

Responsibility for this mess, however, must be shared with the consumer. While the clean-up continues and we learn to live with the consequences of our actions, we should also take this time to re-learn what our parents or grandparents taught us: Put a little aside each week. Live within your means. Live life on purpose – not by chance. ❖

No Cost Gas-Saving Measure

Sir Isaac Newton is the friend you didn’t know you had. He established centuries ago that, to double the speed of an object through a fluid, it takes eight times the power. Think of your car as the object and air as the fluid. When you double your speed from 30 miles per hour to 60 miles per hour, it takes eight times the power.

Because of wind resistance, each incremental increase in vehicle speed becomes more and more costly in terms of gas consumption. If you slow down from 75 miles per hour to a more reasonable 65 mph, your fuel usage will be reduced by 25%. A further reduction in speed from 65 to 55 will save 20% more. By relaxing more behind the wheel, you can effectively turn \$4.00 per gallon into an effective \$3.00 per gallon in terms of distance traveled. *Additional Benefits:* You will have more reaction time to avoid traffic situations and your blood pressure will go down.

Note: The IRS mileage rate increased to 58.5 cents per mile for the period July 1, 2008 through December 31, 2008. ❖

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