



# Your Bottom Line

PUBLISHED QUARTERLY BY: MACKENSEN & COMPANY, INC. FEE-ONLY FINANCIAL PLANNERS  
*Navigating a clear course toward your financial security.*

## Client Account Aggregation .....

This fall, we completely revamped the Mackensen web site ([www.mackensen.com](http://www.mackensen.com)) to provide account aggregation services for our clients. Account aggregation is a cutting edge technology enhancement that provides clients with complete financial figures for all investment accounts, bank accounts, loan balances, and credit card balances – all in one place. In addition, other online accounts, such as frequent flyer miles, may also be linked to the account aggregation screen.

Clients are provided with a user name and password. Linking existing online accounts to the Mackensen site may be completed in less than one minute. Once

linked, all accounts may be viewed in one place.

The benefit of the Mackensen web site aggregation service is the level of detail that is provided. Clients can see individual trade lots to determine their unrealized gain or loss on each holding.

In addition to financial reporting, the new web site allows clients to obtain investment quotes, set up alerts and obtain financial research reports from several different research sources. Automatic emails may be sent to clients when a particular stock reaches selected target points, or crosses a specific moving average.

*There is no charge to clients for these new web services. ▲*



Jill Boynton

## Trust Company Services .....

A year ago, the Office of Thrift Supervision in Washington, DC, chartered National Advisors Trust Company. Mackensen & Company was one of the 82 shareholders that founded this trust company to provide the highest possible level of trust services for our clients. Unlike typical bank and financial institution trust departments, there are no large corporations owning the trust company that place the interests of the stock-

holders ahead of the clients' needs. National Advisors Trust Company can only be accessed through its founding shareholders, which makes it a unique client-centered institution run by its founders.

Trustee fees are substantially lower than customary trust companies at banks and other financial institutions. The range of assets that National Advisors Trust will accept is also much broader, including alternative investments, real estate, and small business stock.

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## 2003 Retirement Limits .....



Warren Mackensen

The 2003 contribution limit for 401(k), 403(b), and 457 plans is \$12,000. If you are 50 years of age or older during 2003, you may contribute an additional \$2,000 as a catch-up contribution, for a total of \$14,000.

The 2003 IRA contribution limit (both conventional and Roth) is \$3,000. If you are 50 years of age or older during 2003, you may contribute an additional \$500 as a catch-up contribution, for a total of \$3,500. You may contribute to a conventional IRA even if you are participating in a 401(k), 403(b), or 457 plan at work. The IRA may not necessarily be deductible, but it very likely is still worth doing. *Caution:* There are income limitations on Roth IRAs, so review your projected 2003 income carefully before contributing to a Roth IRA.

The 2003 contribution limit for a SIMPLE IRA is \$8,000. If you are 50 years of age or older during 2003, you may contribute an additional \$1,000 as a catch-up contribution, for a total of \$9,000. ▲

## Coverdell Education Savings Accounts . . . . .

With the widespread introduction of the Section 529 Education Savings Account, the Coverdell Education Savings Account has received little attention. However, a Coverdell Account should not be ignored because it provides flexibility not available in a Section 529 Account.

The Coverdell Education Savings Account has an annual contribution limit of \$2,000 per student per year. This may not seem like much, but annual contributions could grow to \$68,000 by age 18 with an annual growth rate of 7% per year. The contributors to the account, typically the parents, retain control of the investments, unlike a 529 Plan where an outside company manages the investments. Furthermore, the contributions to a Coverdell account can be used for elementary and secondary schools, including public, private and religious day schools.

A Coverdell account allows broader usage of the funds. Qualified expenses include tuition, room, board, fees, books, uniforms, computer technology, Internet access, transportation, and supplementary items that are required or provided by the school.

Contributions to a Coverdell account are allowed even in years when contributions are made to a Section 529 Account. A good strategy is to contribute the first \$2,000 towards a Coverdell account, and additional monies to a Section 529 Account.

Contributions to a Coverdell account may be made up to April 15th for the prior year, or your tax filing date, whichever is earlier.

Contributions are allowed up to age 18. Distributions of Coverdell funds must be made by age 30, except for special needs beneficiaries.

*Caution:* Having a Coverdell Education Savings Account can be a disadvantage when applying for federal financial aid. The account is considered an asset of the student, not the parent. Withdrawals while in college can also limit the following year's aid eligibility because it is counted as the student's income (which is also true for the Section 529 Plan). If financial aid is not likely because of the parent's income level, then the Coverdell account should be given serious consideration. ▲

## Trust Company Services

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In addition to trust services, National Advisors Trust Company provides custody services for revocable trusts, retirement accounts, and other custodial accounts. For example, Mackensen & Company has moved its employee retirement plan accounts to National Advisors Trust Company. A full range of no-load mutual funds as well as individual securities is available through National Advisors Trust Company.

One of the advantages of placing revocable trust accounts with National Advisors Trust Company is the seamless continuation of services when the grantor dies. The successor trustee, whether it is a family member or National Advisors Trust itself, will be able to administer the trust without disruption. ▲



Susan Velligor

## Private Foundations . . .

National Advisors Trust also provides custodial services for private foundations. Mackensen &

Company can help set up private foundations with as little as \$100,000 in assets.

The capability to set up a private foundation with as little as \$100,000 promotes the early establishment of a charitable fund that can grow significantly over the years on a tax-free basis.

Contributions to a private foundation provide attractive tax benefits to the donor. Private foundations require that at least 5% of their value be distributed annually to public charities. Serving on the foundation board and helping to select the charities to which the donations will be made help to involve children of donors. Family meetings may be held to facilitate these philanthropic decisions, promoting family unity and charitable work. ▲

Mackensen & Company, Inc., is a fee-only financial planning and investment management firm. No commissioned products are sold. For further information, call:

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