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**CHANGE IS GOOD:  
 IS IT DIFFERENT THIS TIME?**

**IN THIS ISSUE**

**By Loren Kayfetz, President, CERTIFIED FINANCIAL PLANNER®**

**CHANGE IS GOOD:  
 IS IT DIFFERENT THIS TIME?**

Why is it that we, as human beings, refuse to see the big picture in the midst of the moment? Bubbles inflate, people become greedy and headstrong, and then the bubbles burst, along with everyone's willingness to participate. Inevitably, such cycles starts again. We are already in the middle of new bubbles (gold comes to mind) at the same time as we will be recovering the burst bubble of the real estate market for a long time to come.



**CUT THE CLUTTER OUT:  
 GO GREEN!**

"This time is different" isn't it? Is the 2010 "new normal" expectation of low interest rates and stock market performance a reality? "Real estate never loses value", does it? On-line companies are sure fire winners, right? No, No, No and No. This time is NOT different.

**GETTING OUT OF THE OFFICE:  
 2011 PERSONAL FINANCIAL  
 EVENTS**

**2011 TAX UPDATE**

Yes, I am a realist... and am neither pessimistic nor optimistic. I believe in free markets, with all of their excesses and seeming lack of transparency. The creation of working capital and businesses that bring about jobs, develop products and services, are models that have been around for thousands of years. The ability to translate those activities into a consistent and reliable way to make income and profits will always be fraught with perils.

Greed (Gordon Gecko), theft, dishonesty, double dealing (Lehmann Brothers) and secrecy (behind closed doors at the US Treasury and the Fed) seem to be the antithesis of free markets, and efforts to root them out will always be incomplete and/or inconclusive. But the very nature of human experience seems to be to try to overcome these obstacles and to create access to free and clearly defined investment markets.

Many investors decided in 2008 and 2009 that it would be different and that the end of free markets as we know them would result. No more investing in stocks and bonds. Markets would collapse and never return. Those who threw in the towel may still be expecting such a result. We do not believe that is the case.

We face daunting tasks in our country and in the developed world for overextended debt and obligations that cannot be funded. Changes and sacrifices will have to be made. But change almost always means opportunity. We have the ability to adapt and grow our way into new periods of prosperity. There will be crashes and bubbles, winners and losers, smart investors and ones who turned out to have made tragic mistakes. What is not different for 2011 is that opportunities and challenges will be met with steady and enthusiastic responses from Personal Financial.

Thank you again for being a part of our firm and our family. We never forget who we work for and why. Best wishes for you and yours for the New Year.



## CUT THE CLUTTER OUT OF YOUR LIFE: GO GREEN!

By Erin Hadley, CERTIFIED FINANCIAL PLANNER®

When it comes to the environment, we Californians have always been at the cutting edge; we're not just aware of the Reduce, Reuse, Recycle concept, we live it. Most of us have at least two bins that go out to the sidewalk once a week, if not 3. And a lot of us find that the trash bin is now half empty since so many items these days can be recycled or composted.

Most of us are probably aware of disposable dishware made from corn, but did you know there are also products already on or being brought to market made from beets, mushrooms, potatoes, agar, rice husks, and wheat?

Many of you may do a number of other things to be environmentally-conscious, such as use energy efficient appliances in your home, carry a reusable water bottle, or take reusable bags with you to the grocery store.

We've managed to incorporate these habits into our daily routines, yet there is always more we can do to help the environment, but also cut down on the clutter in our homes and offices. Some are quick and easy to do, but just aren't as obvious—so we'd like to bring to your attention what we at PFC are doing to be more green and how you can participate:

- We have been a paperless office for over 10 years
- We are in the application process to receive our California Green Business certification
- We are now sending your quarterly reports and your meeting documents electronically
- Our newsletter, brochure, and more are all available in electronic form on our website
- We have switched to rechargeable batteries for all of our office equipment.

You too can go paperless. Scanners have become very affordable and compact and are often combined in a multi-function printer/fax/scanner machine. You can use it for the documents you currently have on paper, then shred them (personal shredders are also compact and affordable) to create more space in your home. Going forward, you can switch to electronic delivery of documents. Most businesses these days offer this option and doing so may even save you money since some of them charge extra to send you the paper statements.

Many of you already view your accounts online by logging in to your client portal through our website, but did you also know about the document safe? This is the little icon that looks like a picture of a safe on the left side

of the page. It is a secure way for us to deliver documents to you and for you to upload documents for us. So the next time you are about to print something to put in the mailbox to us, save yourself a step (and a 44 cent stamp) and put it in the document safe instead. If you haven't yet accessed the portal, just give us a call, we'd be happy to help you get set up.



Another way to go paperless is with TD Ameritrade. While you receive one report from us each quarter which includes all of your accounts in one report, TD Ameritrade sends you a monthly statement for each of your accounts. If you have not yet signed up to receive those electronically, your receiving anywhere between twelve and sixty statements each year. To switch to electronic delivery, log on to [www.advisorclient.com](http://www.advisorclient.com). Once logged in, select "My Info" under the "Tools" tab to change from paper to electronic delivery. This will not only change the way you receive statements but other TD

Ameritrade correspondence as well. If you haven't yet accessed their site, we can help you with this green tool too.

Other paper that might be filling your mailbox is shareholder communication, including shareholder reports and proxy vote notifications you receive from the fund companies themselves

(iShares, Vanguard, American Funds, to name a few.) Switching to electronic delivery on TD Ameritrade's website, as outlined in the paragraph above, will change the delivery method for these as well.

Recently, TD Ameritrade's Privacy Statement was sent to all clients. Many companies mail these this time of year outlining their privacy policies and letting you know how you can opt out of certain communication and marketing offers. This is yet another way to cut down on the junk mail and paper in general.

Here is how you can opt-out, as excerpted from TD Ameritrade's Privacy Statement: "To limit affiliate marketing offers call 800-669-3900 or send an email to [opt-out@tdameritrade.com](mailto:opt-out@tdameritrade.com) with the words "opt-out" in the subject line and your account number in the body copy."

We're happy to help you go green! Who knows, the next time you come in to our office, we may offer you a drink in a mushroom cup!



## 2011 PLANNED CLIENT EVENTS: SOME FUN OUT OF THE OFFICE!

### By Personal Financial Staff

Here at Personal Financial, we value seeing our clients face-to-face. But, we don't believe that it always has to be a formal meeting going over your investment accounts or finding out your goals. Don't get us wrong, it is essential to have these meetings, but from time-to-time it is nice to have something a little more fun!

As we have done in the past, in 2011 we are planning several events for our clients and their friends. These events range from educational events, charity events, client appreciation events, and baseball games.

For example, last September, we hosted a program on Social Security, with a member of the Social Security staff speaking about how the program works. This year, we will most likely do a similar type program in the San Francisco Bay Area in the spring. Currently, we are in the initial stages of planning another program discussing estate planning and tax planning, taking into account the newly renewed and/or changed rules. As soon as we have firmed up the presentation dates for the Bay Area, we will let you know details and the location.

Additionally, as many of you know, Loren is an avid Oakland Athletics fan. Although our team on this side of the Bay did not make it to the World Series, we are again hosting some special events at games in the spring and summer. Since we have limited seating, these programs are by invitation only. If you are interesting in attending a baseball event please let us know.

Our programs and events are designed to be fun! But also to help inform you about changes in the financial industry as they apply to your situations and to show you how important you are to us. We also want to provide venues for your friends, family or business associates to meet us and determine if our services would be of use to them.

For now, we would like to take the opportunity to talk to you about our two planned events for January, in Kauai.



Personal Financial Staff at 2010 Kauai United Way Fundraising Event

### MONEY HARMONY WORKSHOP WITH BEST-SELLING AUTHOR OLIVIA MELLON

The first program will take place on Thursday, January 20, as Olivia Mellon, a nationally recognized expert on the psychology of money, will speak to our clients and interested members of the community about Money Harmony. The program is taking place at the Smith Family Tropical Gardens, in Wailua. To register to attend this event, please visit our website at [PersonalFinancial.com](http://PersonalFinancial.com), or click the reservation button.

*Find Money Harmony*

RESERVATIONS

Olivia Mellon

Thur., Jan. 20,  
Smith's Tropical  
Paradise



### FUNDRAISER FOR KAUAI UNITED WAY THE CHAMBER MUSIC SOCIETY OF LINCOLN CENTER

The other program is a concert of classical music, sponsored by Personal Financial to benefit the Kauai United Way (KUW). This program will take place on Sunday, January 23, at the Grand Hyatt Hotel in Poipu. Members of the Chamber Music Society of Lincoln Center, from New York, will perform with all proceeds going to KUW. In addition to the concert, a number of donated trips and special luxurious events will be auctioned off for the benefit of KUW. For more information or to attend, please go to our website at [PersonalFinancial.com](http://PersonalFinancial.com) or click on the reservation button below.

*Classics...the United Way*

RESERVATIONS

The Chamber Music Society  
of Lincoln Center, NYC

Sun., Jan. 23, Grand Hyatt



## 2011 TAX UPDATE: LAST MINUTE CHANGES THAT ARE EASY ON YOUR WALLET

By Nicole Hanson, CERTIFIED FINANCIAL PLANNER®

Prior to entering tax time, I thought it would be nice for you to know some updated 2011 tax rules. The following is a list of things for you to think about, and if you have questions, don't hesitate to call us:

- **Income Taxes Rate:** Income tax rates are the same as last year but the brackets are higher due to inflation adjustment.
- **Payroll Taxes:** Each individual will receive a 2% decrease in the Social Security taxes withheld from his or her paycheck.
- **Capital Gains Rate:** This rate stays at 15% rather than increasing to 20%, as we were expecting.
- **Estate and Gift Taxes:** There is a \$5 million exemption per individual for estate, gift, and generation-skipping transfer tax purposes. The maximum rate is 35%.
- **Annual Gifting:** The annual gift exclusion remains at \$13,000 and *direct* payment of tuition and medical expenses are also exempt.
- **Alternative Minimum Tax (AMT):** The exemption is slightly higher than last year.
- **Donation of IRA Proceeds:** You can donate IRA proceeds *directly* to a charity and not be taxed on the distribution. This is especially useful for those who must take a Required Minimum Distribution (RMD) but do not need the funds.
- **Roth IRA Conversions:** There is still no income limitation on conversion—it has been permanently removed.
- **Education Expenses:** The tax credit for up to \$2,500 of education expenses was renewed for 2011 and 2012. It also extends the income limitations, continuing to phase out for single individuals with modified adjusted gross income (AGI) of \$80,000 (\$160,000 for married couples filing jointly), and will completely phase out for single individuals with modified AGI of \$90,000 (\$180,000 for married couples filing jointly).

# Quarterly Perspective Newsletter



WE ARE LOOKING FOR PEOPLE  
JUST LIKE YOU!

THE GREATEST COMPLIMENT TO US  
IS A REFERRAL.

Personal  
FINANCIAL 