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CANDID CAMERA

Loren at the **Albuquerque Balloon Fiesta** Up, up and awaaay in my beautiful ballooon!



Despite Last Year

By Loren Kayfetz, President

Dear Clients and Friends,

Each time we have a bad market the media starts saying “it’s different this time” and we all buy into it. The reality is they’re partly right because the circumstances surrounding each drop are rarely the same. However, we have studied the matter repeatedly, attended conferences and have had demonstrated to us repeatedly how in each of the last 12 bear markets since the Great Depression, the decline IS actually the same.



First, after each decline, the stock markets have always come back and often very dramatically. I want to stress the word “always” here.

Second, during each decline no one could predict whether the next 20% move would be up or down, but the next 100% move was always up.

Third, we know that only people who panicked and sold actually locked in losses. The rest were just temporarily down in value.

Fourth, we know that “if it bleeds, it leads” in the news. The media can create both fear and panic by the words they choose to put in their headlines such as “plunge” or “surge”. Notice the sensationalism each time the markets go up and down a percent. The reality is market volatility is normal and an expected part of owning stocks.

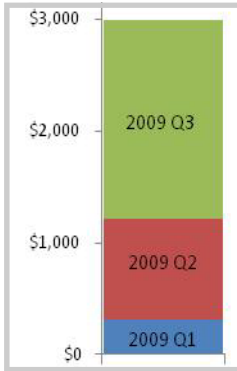
Finally, even if you invested money at the very beginning of each bear market, stocks have always subsequently outperformed bonds.

When you’re in a market down draft and you begin to feels like it will never end, it does. Bad times and good times don’t last forever. The reality is somewhere in between. Remember that market prices are random and unpredictable. If you have a sound allocation, stick with it.

Having said all of that, we know that how you perceive things, how we stay in touch with you and your needs, and what we do to respond is of critical importance. Except in a few cases in the last twelve months, most of our efforts have been to reduce current and future taxes, and maximize future growth. We believe in our approach and it has worked well for over 95% of our clients.

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Supporting our Community



In March of this year our firm launched a 2 year pledge to provide much needed funding to the Kauai United Way. **We match donations** made by guests attending the events we sponsor and **give 1/2 of the our fees**, up to \$2,500 for every new Kauai clients contracted through next March. Together with donations made by guests at our events, we have raised \$3,000! Tell your Kauai friends to call us for a complimentary consultation that could help them set and reach their financial goals while enriching the lives of their neighbors.



Kauai clients Dale Rosenfeld, Esprit De Corp Riding Academy and Liz Ronaldson, Growing Greens Nursery with Randy Francisco, President of the Kauai Chamber at our pau-hana after-hours party Sept. 17.

Real Estate: Is it Time To Buy?

By Nicole Hanson, Financial Planner



With home prices having tumbled dramatically in the last couple of years there are some really amazing deals out there. Interest rates are low, home prices are relatively low and there are some tax benefits that may not be available much longer. Many of our clients have called to ask, “is now the right time to buy?” Having just purchased a home myself, I would like to take you through the process that we use with clients who are looking to buy. This is a general overview, so if you are personally considering a real estate purchase, please call us so we can go into further detail with your particular situation.

Here are some questions we usually ask:

What type of property are you thinking of buying and how long do you plan to keep it?

Whether it is a primary home, investment property, or vacation home, the type of property you are thinking of buying and how long you plan to own it will determine how reasonable it is to “stretch” to make this purchase.

“It’s such a great price, I can’t lose”

Why do you want to buy it?

If your answer is “It’s such a great price, I can’t lose” you may be sorely disappointed. That being said, buying does have many advantages: It is your property and you will have the freedom to make it your own and also change or repair anything you wish. There are great tax benefits to purchasing a home or investment property, so if you have a high income with few deductions, a real estate purchase can save you some serious dough when it comes to Uncle Sam. For example, those who purchase a primary home before December 1st may qualify for the \$8,000 first time homebuyer’s credit.

“The mortgage is just the beginning.”

Do you have the time and energy to go through the buying process?

Make no mistake about it; the buying process is stressful and time-consuming. No one but you is going to look out for your best interests and you will need to have a healthy dose of skepticism in dealing with all of the players in the process. You must do your homework and be an informed consumer or it could be costly. This means that you will need the time and energy to devote to being an “expert” in the real estate market and property that you are looking at.

“...(what’s) a reasonable dollar amount that you can spend ...without compromising your financial security or your lifestyle?”

What are the disadvantages of buying?

No matter how great a deal you got on the property, real estate has substantial carrying costs. It is also very illiquid and may be very difficult and costly to

unload. When thinking about where to buy, give serious consideration to probable future events that could affect your life plans. We’ve had clients who purchased a retirement home and six months later their daughter, who lived 600 miles away, had her first child. Also, bear in mind that a place may be wonderful to visit, but may not be as charming when you live there full time. Lastly, when you own, there is no landlord to call when the disposal breaks, roof leaks or fixtures wear out.

What assets do you plan to use to make the purchase?

In this lending environment you will usually need to have a down payment. You also need to consider the costs of your planned improvements and moving. This means that you will need a chunk of accessible money stashed somewhere. We can help you determine what amount is reasonable while still making sure you have enough left over to meet your income needs and have adequate reserves to cover an unforeseen emergency or expense.

What are the ongoing costs of this property?

The mortgage is just the beginning. Property taxes can be quite expensive: 1.1%-2% of the purchase price annually. If you put less than 20% down, you are looking at paying 1-2% for PMI, which depending on your income may not be deductible. Property insurance is also a consideration. Homeowner’s insurance alone can cost between \$500-2,000 a year or more. Depending on where you live, you may consider buying additional insurance against natural hazards such as hurricane, earthquake or flood insurance, which may double your insurance costs. As an owner, it will fall to you to maintain the building, landscaping, appliances and infrastructure; all potentially costly ongoing, or surprising expenses.

What assets or cash flow do you have to cover these ongoing costs?

Whether you are working or retired, we can analyze your income and help determine a reasonable dollar amount that you can spend on your property without compromising your financial security or your lifestyle.

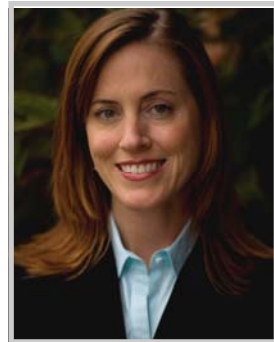
These questions have very little to do with price or potential return. It is much more important for your real estate purchase to fit

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Identity Theft

By Erin Hadley, Associate Planner

How to avoid it and what to do if you become a victim



We've all read the news, seen the commercials, and heard the stories. It's hardly breaking news but, just because it's no longer a new topic, doesn't mean it's not still a potential problem. For most of us, it's one of those worries that isn't at the forefront of our brain but nags at us on occasion: when we open an email, see another news report, or can't sleep.

This article is not intended to alarm you, but rather to remind you to be vigilant and provide you useful information to help ease your mind. Following are tips on how to prevent you from becoming a victim of identity theft, and the steps you'll need to take in the unfortunate instance it does.

Uncle Sam Cares

"...just because it's no longer a new topic, doesn't mean it's not still a potential problem."

The Federal Trade Commission (FTC), the consumer protection agency of our nation, was created in 1914 to fight unfair business competition. It is the body responsible for enforcing many acts and is a wonderful resource for education and information. You'll see references to the FTC's site throughout this article. If you take away only one thing from this article, let it be the FTC's website.

Scheduled Vigilance

On a regular basis, you should be checking your banking, credit card, investment and other financial statements to ensure there is no unauthorized activity; the sooner you discover something suspicious, the better.

Additionally, you should check your credit report. All American consumers are entitled to a free report every year. This is now federal law thanks to the Fair and Accurate Credit Transactions Act, passed in 2003. You can obtain it by going to the following website, sponsored by the FTC and the three major credit reporting agencies in a cooperative effort: www.annualcreditreport.com

Be careful! This is the only legitimate site to get it for free: there are many imposter sites whose names make them sound free but actually aren't. Who hasn't seen the commercial featuring the guy in the pirate outfit singing and playing the guitar in the seafood restaurant? Although this company does send your credit report to you free, the catch is that it subsequently enrolls you in a paid membership program you have to opt out of later, and doing so with some companies isn't always easy.

Phishing: don't bite!

"Phishing" emails are those which attempt to obtain sensitive information by pretending to be from your bank or other vendor and usually use alarming language designed to scare you into believing that your account will be closed if you don't act quickly by "verifying" your social security number, PIN number, etc.

Phishing sites have become very sophisticated; a side-by-side comparison of a fake site can look almost identical to the legitimate site; sometimes the only clue is in the address bar at the top of the web browser.

Legitimate institutions will never ask you for this information via email. If you receive one of these, do not give any information, do not reply to it, do not click any link and do not call any phone number provided. Instead, forward it to spam@uce.gov as well as the company that is being impersonated.

To learn more, go to the FTC's Identity Theft website and click on the "What is phishing" hot link: there's a wealth of information there, including a game where you can test your phishing detection ability!

<http://www.ftc.gov/bcp/edu/microsites/idtheft/>

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Despite Last Year (cont. from pg 1)

By Loren Kayfetz

We are excited about the future and what it holds for you, your financial opportunities and our continued growth as a purveyor of personalized financial planning solutions. We value your support and ask you to keep us in mind as source of services for your friends, family and business associates.

The Business Behind The Planners

By Pat Pannell, Operating Officer

A couple of weeks ago I had the disturbing pleasure (along with a number of lucky clients and the whole PFC team) to participate in the seminars lead by money psychologist, Dr. Brad Klontz. He challenged us to take a hard look in the mirror and face our real beliefs and prejudices about money and the people who do and don't have it. If you were there, you know he presented some pretty tough questions, designed to push our comfort zones. It sure worked for me! I was thrillingly uncomfortable with my "Ah Ha" moments!



Money Psychologist Dr. Brad Klontz with the Personal Financial Consultants Team: Loren Kayfetz, Will Davis, Erin Hadley, Pat Pannell and Nicole Hanson

Einstein said it best... "We can't solve problems by using the same kind of thinking we used when we created them."

"I was thrillingly uncomfortable ..."

It's an exciting time for our little firm. We've put together a first rate team of financial and administrative professionals who really care about the well-being of our clients. We want to look in that mirror so we can open our minds to new ways of providing better service. We want to challenge the assumptions that limit us. We want to invest in the types of procedures and systems that will make us stronger, more responsive and agile.

Because, at the end of the day, we know what a privilege it is to be your trusted advisor. Thanks for giving us cause to be our very best!



Dr. Klontz's new book is due out in December.

Identity Theft (continued. from page 3)

By Erin Hadley

If Identity Theft Happens to you

Even though we take precautions, bad things do sometimes happen. If you think your information has been compromised, the FTC's Identity Theft website listed above should be the first place you go. Once on their site, click the bar entitled "If your information has been stolen and used by an identity thief." Here you will find a list of the steps you should take as soon as you are aware you have become a victim, including:

- Place a "Fraud Alert" on your credit reports and review them.
- Close the accounts that have been involved.
- File a complaint with the Federal Trade Commission (FTC) online or by calling 1-877-ID-THEFT (1-877-438-4338).
- File a complaint with the police department.

Be sure to keep detailed records of each of these, including who/which organization you spoke to, when you spoke to them and what was achieved in the correspondence. Keep copies of correspondence and related documents.

There is much more information on their website, we strongly encourage you to use this valuable resource. We hope it never happens to you: but if it does, take these steps to lessen the damage.

Is it Time To Buy? (continued from page 2)

By Nicole Hanson

your goals and lifestyle, and it is crucial that this purchase does not negatively impact your financial security. Because a real estate purchase is usually a large part of your net worth, it makes sense to analyze the situation with an objective financial professional before diving in. You will be much more confident going into the buying process if you know what you want and what you can afford. We are here to help you with this so do not hesitate to call. Happy hunting!