



QUARTERLY NEWSLETTER

2009 SPRING ISSUE

In this issue, David Lamp talks about having a financial plan for you and your family's future. It is essential to have a financial plan that you can understand in order to make the important decisions for your financial future.

Also in this issue, we will talk about what to look out for when you decide to make charitable contributions and why you need to be cautious.

PUZZLED ABOUT FINANCES

BY DAVID H. LAMP CFP®

I recently sat down with my five year old daughter to help her put together a jigsaw puzzle. Twenty four pieces of a Care Bear puzzle lay strewn in front of us while we sat on the living room floor deciding our course of action. My daughter's big brown eyes and an anticipatory smile were focused solely on me awaiting my next move. A similar thing happens at the office when we first meet with clients who are utilizing our tax, attestation or financial planning services. They open their brief cases, file folders or spreadsheets and start to lay myriads of paperwork in front of us. Their faces may not share the same joy as my daughter's but they also look to us to show them what to do next. Some client's financial affairs seem to have a thousand pieces that need to be put together. Others may have less complex financial agendas. Whether it is a puzzle or personal finances, you need to have a good idea of what the big picture looks like and a disciplined process if you hope to put all the pieces together.

Fear of our current financial crisis, as with any fear, is best managed when people feel like they are in control. In the world of personal finance, the best way we know how to instill a sense of control with our clients is to develop a written, comprehensive financial plan. We take a measured approach to engaging in meaningful conversation, gathering all the relevant data, analyzing it, developing a plan, implementing the plan and monitoring it. A financial plan will bring all the pieces of a client's financial life together. This allows them to concentrate on the goals they are planning for, rather than focusing on all the various parts with which they are using to plan.

The financial planning process is about discovering a client's values and identifying the client's goals. As Roy Disney once said, "When your values are clear, your decisions are easy." Ideally, a discussion about values and goals is done before a client ever purchases a product, policy or service from an organization. But if the client and advisor are missing pieces to the puzzle, chances that they will have a difficult time determining the client's needs. Once it is known what a client is planning for, our attention shifts to assessing the client's current financial position.

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A comprehensive financial plan will touch on all areas of people's financial lives: investments, insurance, banking, tax planning, cash flow analysis, employee benefits, estate planning needs and more. Depending on the complexity of a client's financial plan, we often recommend analyzing different parts of the plan over several quarters. This allows the client to get a thorough understanding of how each component impacts the overall plan.

Once a client understands what they are planning for and what they have, sophisticated financial planning software is needed for the rest. A comprehensive plan should include reports and graphs measuring several different areas of a client's financial life such as household net worth, itemized cash flow statements and asset allocation. All of the reports can be customized and should be able to show the impact of inflation over time. Simulations can also be run to show success rates of the financial plan using historical data from past "bull" and "bear" market environments. Whether a client is building wealth or preserving it, these reports give useful information so clients and their advisor can make informed, intelligent decisions.

No financial plan can perfectly predict the future or eliminate all uncertainty. However, a good plan can project the impacts that different scenarios may have on a client's finances and shed light on what they can control. And when clients focus on what they can control, their fears become less daunting. Still puzzled? Give us a call and we'll be happy to look at your individual situation.

CHARITABLE CONTRIBUTIONS: WHO AND WHEN TO GIVE

Always be wary before making a charitable contribution. Some charities may spend much of your contribution on administrative expenses, fund-raising efforts, misrepresent their fund-raising intentions or solicit for phony causes. Here is a quick checklist that may be useful to you.

- Be wary of appeals that tug at your heart strings, especially pleas involving patriotism and current events.
- Ask for written information about the charity such as the tax ID number, name, address, and telephone number.
- Check out the charity's financial information.
- Ask for identification as fund-raisers are required to disclose the name of the charity requesting the donation.
- Call the charity to find out if they are aware of the solicitation and has authorized the use of its name
- Check with local recipients.
- Watch out for similar sounding names.
- Know the difference between "tax exempt" and "tax deductible." Tax exempt means the organization does not have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return.
- Be skeptical if someone thanks you for a pledge you don't remember making.
- Ask how your donation will be distributed.
- Refuse high pressure appeals because legitimate fund-raisers will not push you into making a donation.
- Be wary of charities offering to send a courier or overnight delivery service to collect your donation.
- Consider the costs when receiving "free" goods in exchange as less money will go towards the charity
- Be wary of guaranteed sweepstakes winnings in exchange for a contribution.
- Avoid cash gifts for security (cash can be lost and/or stolen) and tax record purposes.

To read and understand more about making informed decisions about your charitable contributions, visit the Federal Trade Commission website at <http://www.ftc.gov>

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