

HAPPY NEW YEAR!

As our holiday season becomes a good memory, we are wishing you all great health, wealth and happiness in the year ahead.

Besides the great gifts given and received, I'm remembering the joy of friendships, kindnesses, goodwill, peace and understanding--which I hope to foster throughout the coming year, and which I wish for each of you in 2007.



HAPPENINGS AT FRA

We're excited to announce our 25th anniversary in business. We're planning several events during the year so you can all help us celebrate!

One of those events is the Santa Cruz Chamber Mixer, which we will host in conjunction with our anniversary. We invite all of you to join the festivities; and we will be sending you free tickets as the event approaches in June.

We continue to offer financial classes through Santa Cruz Parks and Rec, Adult Ed and UCSC Extension. If you would like a schedule, give us a call. Elaine and Lisa are also teaching classes called "Money IQ" to the parents and children at the Family Homeless Center. We're helping the residents gain more knowledge of budgeting, saving and financial decision-making.

Elaine is actively involved in the Santa Cruz Estate Planning Council, the Collaborative Practice of Santa Cruz and Community Bridges, and has been inducted as president of the Financial Planning Association of Monterey. Lisa is an active member of Soroptomists International and Todd participates in Rotary. Savannah is busy with FOSL (the Foundation of Sustainable Living.) Together, we are maintaining involvement in a variety of community service organizations.

Our website has been updated and we hope you take a few moments to check it out. www.FRAssociates.com Let us know what you think!

ANNUAL ADV OFFERING

In compliance with SEC and state rules, each year we offer to send to our clients a copy of our ADVII form. Please give us a call at (831) 458-1125 or (800) 660-3720, and we will be happy to send it to you.

THE FINANCIAL INFORMER

Winter 2007 Issue
Potpourri...

www.FRAssociates.com

TAX CHANGES FOR 2007

- Cultivate your friendships. In prosperity our friends know us; in adversity we know our friends.
- Start your new year off by cleaning out your garage and closets and donate usable items to a non-profit. Itemize your donations and save your receipts.
- If your income level allows it, fund a ROTH IRA. Take advantage of tax-free growth whenever you can. Contribution limits this year are \$5,000 per person.
- Look forward to tomorrow. It may be your best day ever. And be prepared to take advantage of an unexpected opportunity.
- If I had known grandchildren were so much fun, I'd have had them first! ☺
- If you have extra blankets or warm coats, please share them with the Homeless Center. If you like, you can drop them off at our office and we'll make sure they receive them.
- The most important thing in communication is to hear what isn't being said...are you listening?

2007 has brought with it some changes that can be very beneficial for estate planning as well as tax planning.

- Withdrawals from your retirement accounts, including RMD's (required minimum distributions) can now be donated to a non-profit. When doing that, you don't have to claim it as income.
- Deductions can be made for those paying fees for tuition and post secondary institutions.
- Educator credits remain at \$250
- Mileage deduction rates:
Business related: 44.5 cents/mile to 48.5 cents/mile
Medical & Moving: 18 cents/mile to 20 cents/mile
- 401k contributions for 2007 are now \$15,500.
- SEP Contributions limit has been raised to 25% or \$45,000 for 2007

Be sure to talk with your tax professional on ways to minimize your tax liability. As financial planners, we can assist you in planning your strategies for 2007. Take advantage of IRS allowable tax breaks. There are many things people miss, and end up paying more than necessary. Let us help you catch those items in 2007.

INVESTMENT NEWS & VIEWS

By Lisa Rosenau

We had another interesting finish to what started out as a pretty blasé year. Several factors seem to have contributed to the upswing during the 4th quarter, among which was the neutral position the Federal Reserve took during this quarter, and a swarm of mergers and acquisitions that either transpired or were alluded to. For their part, many corporations continued to post positive earnings reports, while those that disappointed had little impact on the overall markets.

The biggest concerns to most investors in 2006 will most likely continue into 2007; uncertainty overseas, higher energy costs and the presumed impact from the new make-up of the U.S. Congress. While these factors are very intriguing, especially to the media, we continue to advise our investors to remain fully invested in a diversified portfolio and to maintain a long-term outlook regardless of any short-term volatility. Of course this is dependent on your current investment *time horizon* and *risk tolerance*. That is one reason we also strongly suggest that you review your portfolio with us periodically so that we can help you take into account any changes in your personal circumstances, and to make any strategic changes where necessary.

**Wishing you a Happy and Prosperous
2007! -Lisa Rosenau**



UNDERSTANDING THE INSURANCE MAZE

By Todd Corgill

- **Are you paying too much for your health insurance at work?**

Let's take a close look at your group health insurance contribution to make sure you aren't paying too much. There may be a plan available with adequate coverage for a lower premium.

- **Have you checked your life insurance recently?**

If you've had a life insurance policy for awhile, it would be a good idea to take a look at it. Is it still providing the coverage you need? It may be too much or not enough. We can help you take a

look.

- **Short-term peek at Long-term Care insurance**

It feels like this hot topic gets hotter and more complicated each year .. not necessarily. Let's take an educated glance at your options. It may be more approachable than you think.

(With our new online version of the newsletter, we can include more helpful articles and info. Place your cursor over the blue links below, press Ctrl and click to access the complete article.)

[Arduous road to healthy future](#)

It's becoming increasingly clear that California will have a new health care plan by the end of 2007.[San Jose Mercury News]

[Senate Democrat proposes universal health bill backed by health Insurers](#)

Ron Wyden, D-Ore., is proposing a universal health care plan that would cover everyone in the United States through a pool of private insurance plans.[BestWire Services]

[Perata's proposal to solve healthcare crisis](#)

Gov. Arnold Schwarzenegger hasn't unveiled his proposal to provide health insurance coverage to the millions of Californians who don't have it. [Sacramento Bee]

There are basically two types of people:
those that live and the ones that watch
them live. **Attitude** is everything!

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CLIENTS...

We cannot spell SUCCESS without U!



The end of the rainbow is never far away. The pot of gold may be as close as your family!

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