



FINANCIAL RESOURCE ASSOCIATES, INC.
A Registered Investment Advisor

Winter 2009

THE FINANCIAL INFORMER

MEET OUR NEW ASSOCIATE



Please join me in welcoming **Walter Levicki** as the newest member of our team! Walter has a Bachelor of Science degree in Business Administration and a Master in Business Administration degree with an emphasis in Financial Planning from California Lutheran University. Walt is also currently a candidate for his Certified Financial Planning certification. Having completed all of the course work for his CFP[®], he is busy studying for his final CFP[®] test.

Before returning to school, Walt was the owner of his own business, Walter Levicki Appraisal Services. He comes to us with high recommendations on both the personal and professional level. He will be assisting Elaine in both the Financial Planning and Insurance arenas.

Walter has lived in California all his life and in Santa Cruz County since 1993. With his wife of 25 years, he chose this area to raise their 3 children because of the bountiful nature, surfing, beaches and the close proximity to San Francisco.



TAX LAW CHANGES

Among the many tax law changes that have come into our lives with the 2009 stimulus bill, the following are a few that you may not be aware of:

- Among the new stimulus bill, there was a one-year alternative minimum tax patch, which will prevent middle-income taxpayers from being subject to that tax in 2009. That could be a big savings especially for many of you who want to exercise stock options.
- The final version also included a COBRA subsidy for laid-off workers. The subsidy will be 65% of the COBRA premium for a period of 9 months.
- This year you can deduct state and local real property taxes even if you don't itemize deductions on your 2008 tax return.
- You can still contribute \$5,000 to a ROTH IRA (or \$6,000 if you're over 50)

Remember, we offer Notary services as well as Signature Guarantee services on a complementary basis for our clients. Just give us a call when you need one!

POTPOURRI....

- Those employees seven years away from retiring may have to reduce their standard of living by 24% to minimize the likelihood of running out of money.
- Many of those currently retired, will need to reduce their standard of living by 24% to minimize the likelihood of running out of money.
- According to the National Association of Dental Plans, 56% of the U.S. population have some form of dental insurance.
- The Automotive Research Group of Maritz Research advised that 9.4% of the new car buyers in 2008 felt the best alternative fuel was electric power.
- According to the Associated Press, even though the number of new cars and trucks sold in China were down 14% from January 2008, they still surpassed the number of US sales for the first time.
- Many of our past newsletters are now listed on our website. Check them out by entering www.FRAssociates.com
- According to the CFP® Board, 2/3 of all financial planners have experienced an increase of 27% due to our current economic challenges.
- FICO stands for Fair Isaac Corporation and is used to determine a standard credit score. Determining your credit score is basically an evaluation using:
 - 35% Payment History
 - 30% Amount Owed
 - 15% Length of Credit History
 - 10% New Credit Requests
 - 10% Types of Credit Used



WHAT NOW? A REVIEW OF OUR CURRENT ECONOMIC SITUATION

By Lisa Rosenau,

VP Asset Management

Not sure about anyone else, but I for one, was quite happy to kick 2008 to the curb. These past six or so months have been definitely challenging for investors. We here at FRA have endeavored to stay invested for our clients and try to take advantage of the situation. We will continue with our philosophy of being patient with the current market environment, with the belief that the processes that have been put in place by our Executive and Legislative branches of our government will bring the economy around, albeit slowly. While waiting for things to improve, we suggest our investors attend to a few things that we feel will help in the long run.

1. Review your savings plan to make sure that you are or have put aside what you would need for emergency situations, depending on your circumstances. Folks who have had cash on hand during this period have not had nearly the turmoil or worry as those without savings.
2. Review your 401k or other retirement plan for your allocations and your current contribution levels. Try to resist the temptation to stop contributing because of the market downturn. With such low levels, it is good to be buying right now, unless you are relatively close to your retirement date. We will be happy to help you review your current retirement plan.

3. Remember that if you normally have to take a Required Minimum Distribution (RMD) because you are over 70 ½, you are NOT have to take your withdrawal this year....the requirement was waved for this year (2009).
4. Pay off your high interest /high balance credit cards. Those high interest credit cards are more eroding during an economic downturn such as this.

As always, we suggest that you review your investment portfolio with us periodically to help make sure that you are sufficiently diversified. If coming into our office is inconvenient, I am happy to come to your home or office, or to review by phone, whichever may be most convenient.



WHAT IS A FINANCIAL PLANNER??

By Elaine Kiernan, CFP®

During my twenty seven years as a financial planning professional, I have frequently been asked “just what IS a financial planner”? “I think I need one but I’m not sure what you do”. It’s made me realize that the impression and interpretation of what a financial planner actually is as varied as there are people out there. Frequently, financial planners are viewed as just someone who wants to sell an insurance product. Others are viewed as someone who wants to sell them the perfect investment

product. Rarely do they realize that a true financial planner is someone who provides them with a comprehensive *life planning* service.

Most CFP’s® (Certified Financial Planner’s) are individuals that are interested in finding out about your dreams and goals...your fears and aspirations...your family, career and future challenges. We work with our clients to help them organize their affairs, understand where they are as well as where they want to be and then map out a plan to help them attain those goals.

A financial planner is a team member. Since no one person can be an expert at everything, I like to think of ourselves as the orchestrator. We have, through the years, built up a *team* of individuals in various professions that we feel have the same ethics, knowledge and personality that we can draw from to provide all the services necessary to assist our clients in achieving their life goals. These may include professionals from the legal profession, real estate profession, mortgage profession, tax profession and estate planners. By working as a team we are combining all of our knowledge and caring to provide the best possible service to our clients.

If you want to explore how a financial planner can assist you in reaching your goals, give us a call at #831-458-1125.



A THOUGHT TO REMEMBER

William James once said, “The greatest discovery of my generation is that a human being can alter his life by altering his attitudes...”

In accordance with SectionRule.... of the SEC, we annually offer to send our ADV form to anyone who would like a copy. If you would like one, please give our office a call and we will be happy to mail you one.

FINANCIAL RESOURCE ASSOC.

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