

Managing EXPECTATIONS

guidance through genuine financial planning

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Keeping up with Home Work

If you own your home, you're constantly faced with a list of maintenance and repair jobs. From cleaning out gutters to caulking around the bathtub, there's enough work to keep you—or someone you hire—busy each and every weekend.

When faced with the waning days of fall and a gutter full of leaves, you may wonder whether to hire a handyman or pull out the ladder and do it yourself. Just as there's no one investment strategy for everyone, there's no single answer to this question. As we note in many of our discussions with clients, the solution depends upon you and your individual circumstances.

Many home owners take pride in performing their own routine maintenance tasks, hiring out only the large jobs such as painting and roofing. They get satisfaction from figuring out a problem and solving it themselves, they enjoy the physical exertion, and they appreciate the money they save by not writing a check.

Some homeowners aren't quite as comfortable prowling the aisles of the local hardware stores on a Saturday.

Their skills may not extend much beyond holding a

hammer, and they're happy to leave the bragging rights of a job well done to the professionals. If you're in this category, there's nothing wrong with calling in the experts.

But what if you're on the fence? You're capable of fixing the shutters or reseeding the lawn, but aren't sure that's the best use of your weekend. On the other hand, calling in the professionals means spending money you could use for something more enjoyable, such as a new piece of furniture or a vacation.

In this case, we'd advise you to evaluate the opportunity cost. Say you're planning to hire a landscaper for fall cleanup. The estimated cost of the job is \$400. That buys you a

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Spotlight on... Lindsay Lobao

You don't need to see Lindsay Lobao's face to know she's smiling. Even over the phone, Freedman's Client Service Specialist conveys a warmth and cheerfulness that's hard to miss. Since Lindsay's one-year-anniversary with Freedman Financial is approaching, we thought this would be the perfect time for our clients to learn a little bit more about her.

Lindsay, who lives in North Reading with her husband, Joseph, grew up in West Greenwich, Rhode Island. She graduated from Roger Williams University with a major in marketing, and met her husband while attending college.

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Home Work

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fall-ready yard and a free weekend morning. But what's the cost if you do it yourself?

Some of the expenses are easy to factor in—there's your labor, plus the cost of equipment. Others are harder to calculate, but just as important. What's the price of what you're missing while you are out in the yard? Is

there someone waiting for you to shoot a few hoops, take a walk, or go for a bike ride? Are you missing someone's soccer game, or a quiet conversation over a cup of coffee?

There's no right or wrong answer to these questions, just food for thought. If you don't mind getting your hands dirty, are comfortable with your do-it-yourself skills, and know when to call in an expert if the job gets out of

hand, weekend home maintenance can be a breeze. But if your time is at a premium and your budget allows, hiring an expert may be a better fit for you. At Freedman Financial, we're here to help you make the most not just of your finances, but of your quality of life. We'd be glad to help you weigh the opportunity costs in your particular situation—feel free to give us a call.

Whether you choose to do it yourself or hire help, performing basic maintenance and repairs on your home can save you money. Here is a list of essential jobs to perform on a regular basis:

Every few months

- Check and change furnace and air filters.
- Check water filters (change in accordance with manufacturer's instructions).

Seasonally

- Examine air vents and remove any debris or snow.
- Clean gutters. Clogged gutters can eventually cause roof leaks and/or problems with the foundation.
- Tidy landscaping. Remove dead bushes, leaves, and plants that are close to the house and can harbor pests. Trim dead branches that could fall and do damage in a storm. Slope mulch away from the house, so water doesn't collect around the foundation. Cover tender plants to protect them from winter.

- Store or cover outside furniture.
- Inspect siding and inside beams for signs of pests, such as termites, that can damage wood. Also check for small holes that can serve as entry points for bats, mice or squirrels. Seal as necessary.
- Service snowblower, lawnmower, and generator.
- Service heating and/or cooling system.
- Shut off outside spigots to prevent freezing and bursting.
- Vacuum dust from baseboard heaters. Inspect heaters to make sure they are not in contact with flammable items.
- Vacuum dust from intake vents of forced air systems.

Every six months

- Visually inspect roof for loose or missing shingles.
- Examine foundation for signs of cracks or damage, and repair as necessary.
- Change smoke and carbon

monoxide detector batteries.

- Check outside spigots for leaks.
- Check around interior sinks and toilets for signs of leaking or water damage.

Annually

- Inspect around windows and doors for gaps and caulk where necessary.
- Check the outside of your home for signs of warp or water damage.
- Clean chimneys.
- If your home uses well water, test a sample for bacteria. Also examine the well cap for cracks or damage. Replace if necessary.
- Examine the driveway for cracks. Reseal if necessary.
- Check outside heating and/or cooling unit for obstructions. Remove debris and clean unit.
- Pump septic tank, if necessary. (Most companies recommend doing this every three years.)
- Clean and seal wood decking.

Marion's Corner

Pension Protection Act of 2006



nies have the option of requiring you to “opt-out” if you do not want to participate.

- Allow for a default investment for contributions, rather than simply having all of the money go into the money market fund.
- Provide the opportunity to offer personalized investment advice through the workplace. This will allow employees access to better information in their decision-making process for investment and retirement planning.
- Give ALL beneficiaries the ability to stretch out distributions from an inherited 401K account. It was always the case that spouses could stretch out distributions from a 401K over their lifetime. This advantage has now been extended to any beneficiary.
- Make permanent the enhanced retirement savings provisions of EGTRRA that were due to expire in 2010. These include higher IRA contribution limits, additional catch-up provisions for older workers, and expanded rollover options for retirement plans.

In years past, when you landed a job with a large company, not only did you receive a steady paycheck during your working years, but you continued to receive a pension check throughout your retirement. For the majority of us, those days are long gone. After all of the recent pension problems, very few companies are taking the responsibility of providing for employees throughout their retirement years with a guaranteed pension plan. Most have already shifted the burden to the employee by offering a defined contribution plan (401K, 403b, etc.) and more will follow in years to come.

In recognition of this shift, the Pension Protection Act of 2006 became law in August and will assist individuals who are saving on their own for retirement needs. The bill will:

- Enable a company to automatically enroll you in the 401K plan when you become eligible to join. It used to be that each person had to sign up for the plan. Now compa-

Our legislators have recognized that we are essentially on our own in providing for our financial security in retirement and are attempting to give us the tools to plan responsibly. We all need to take advantage of the benefits that are available. Do keep in mind, as a client of Freedman Financial, we are available to assist you with any and all decisions concerning your financial future, so give us a call with any questions.

Spotlight on Lindsay Lobao

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The pair recently celebrated their one-year-anniversary.

Lindsay's start date at Freedman coincides with her birthday—November third. She says that she knew from her first interview that the company would be a perfect fit. “I was truly impressed and liked that they weren't your “average” financial advisors,” she says. “They really care about the clients, and working here is like being part of a family.”

The qualities that drew her to the job have remained true over the past twelve months. “My colleagues make the environment a happy place to be. They are all exceptionally intelligent, and we laugh often. And our clients are extremely pleasant to work with,” she says.

She especially enjoys the fact that each day brings new

challenges and learning opportunities. Her strong computer skills are in high demand within the office, and to help her understand the business better, she recently completed a Para Planning course through the College for Financial Planning. “I'm very committed to Freedman Financial and am excited to grow with the company,” she says.

When she's not in the office, Lindsay's hobbies include running and cooking. She and her husband also like to travel—they've taken cruises to Saint Thomas, Saint Martin, Puerto Rico, and they honeymooned in Aruba. Closer to home, the couple enjoy dining out and Sunday Patriots parties.

There's just one more thing clients need to know about her, she says—but it's a secret those clients who have spoken with her could easily guess. “I love to laugh—I think it's the best medicine!”

Calendar

October 9–13—Frankfort, Munich, Vienna Austria for Moventum of Luxembourg, Germany and Austria.
www.moventum.de

October 19–24—FPA National Conference, Nashville, TN
Marc is Chairperson of this conference (3,000+ attendees) www.fpanationalconference.org

November 2–5—Advisory Leaders Forum, Monterey CA
An Invitation-only conference for LPL's top one percent of Advisors

November 29–December 8—Marc's Annual Family Vacation to DisneyWorld

...and a note

Marc's original seminar on genuine financial planning in Germany was such a success, he's been asked back to do a five-city tour, sharing the skill sets of Freedman Financial.

Reminders...

Need to have a check sent out quickly? Have to schedule a financial review? The next time you have a question, concern, or problem, run it by Cathy, Kim, or Lindsay when you call the office. Freedman Financial's goal is to exceed our clients' expectations by paying attention to detail. Give it a try the next time you call the office—our staff's competency means speedier service for you.

➤ **You can now securely access your account information online. Give us a call for more information on how to get set up.**

➤ **You can also download your financial information to Quicken.**

➤ **All of your LPL account statements have been consolidated into one monthly mailing.**

Summer Fun

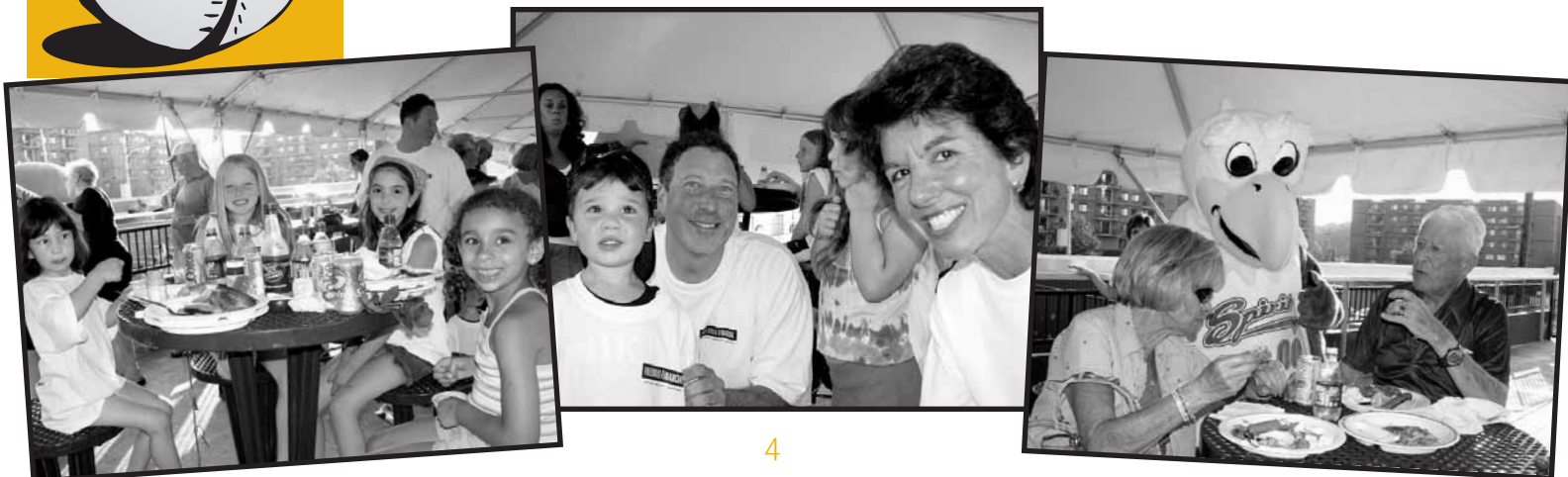
The weather was hot at our July 14th baseball outing, and so was the game! Both the North Shore Spirit and the Brockton Roc worked hard to keep the game hitless in the early innings, but a home run in the bottom of the third gave the Spirit the advantage, and another in the seventh finished Brockton off, with a final score of 3-2. Freedman Financial guests enjoyed good conversation, hot dogs and hamburgers, and Marc

Freedman's rendition of the National Anthem. As always, it was great to see our clients and their families.



The Power Years

Baby Boomers are transforming the way generations to come will think about retirement. It's a time of reconnecting with old passions, exploring new challenges, and achieving the maximum possible out of life. Marc has been licensed to deliver a powerful multi-media presentation entitled "The Power Years." Designed by Vanguard Investments and Ken Dykwald, world-renowned demographer, the presentation celebrates the opportunities for Boomers and Early Retirees. Marc will be delivering it as part of a special symposium Freedman Financial is sponsoring early next year. More information coming soon!



speaking out

by Marc Freedman



The Right Priorities in an Upside Down Market

Is your home an asset or a liability? I recently attended a seminar where the speaker insisted that a personal residence was more of a liability than it was an asset. Could he be right?

For many, homes have appreciated at incomprehensible levels. Here's a personal example: I remember my parents telling me that in 1970, they bought their first home for \$29,900—a tri-level, three bedroom corner lot house in a suburban Peabody community. I can still picture the purple satin couches, the paneled walls and the linoleum flooring. I remember the giant floral prints, the yellows, the golds and of course, the shag wall-to-wall carpet.

During the four years we lived in the house, my parents performed plenty of repairs, improvements, and additions. Since our family moved out in 1974, the house has been bought and sold, painted numerous hues, seen several room renovations, been through significant landscaping endeavors and more. Last month it sold for close to \$450,000. Some of the residents in that neighborhood have been there since 1970. Has their home been a good investment? I'd argue that from a purely financial standpoint—maybe yes/maybe no. From an emotional perspective I'd definitely lean more towards yes, then no.

Consider this: If you invested \$29,900 in 1970 and it grew to \$450,000 in 2006, it would have produced an annualized return of about 7.82 percent—before taxes. But what if you added in all the costs and labor to

renovate, update, exterminate, landscape, decorate and re-decorate? I'd suggest that your return on investment would match the CD's rates during that same time period. And if you moved multiple times during that period, the return on your investment—after improvements, mortgage interest, fees, and labor—was probably negative. It's amazing how little value we place on "costs." Instead, we tend to focus on starting price and ending price. The costs we ignore or forget have both positive and negative benefits—it just depends which lens you choose to look through when you're evaluating the investment.

Last week, it occurred to me that I have lived in my current home in North Andover longer than any other residence in my life. As a child, we moved nine times before I turned twenty years old. Sometimes the family packed up to pursue a promising career move for my father—but in most cases it was to find a home that fit our needs at the time. Despite the blood, sweat, and tears Dad expended—building an addition on our first home, constructing shelving units, crafting a train table, a workbench, and numerous other household creations—the lure of something better drove us to sell the house and move.

For my parents, our multiple homes were both shelters and investments. They never sold a house simply because they could make a profit, and they spent plenty of money tending to the maintenance of each house. But they also had no way to calculate the

memories, sweat equity, and opportunity cost we built up in each place—and just because those aspects had no financial value, doesn't mean they weren't worth measuring.

Over the past few years, we've seen so many families buy, sell, refinance, refinance again, refinance again, sell, buy, etc. In most cases, the flipping of properties has become (or appears to be) profit centers and not an opportunity to establish oneself in a community. Many families haven't taken the time to connect with their neighbors, hold block parties, dinner events or even late night wiffleball games in the yard. What ever happened to lazy nights on the front porch? Where are the kids? Where's the noise on a hot summer evening?

Maybe the inevitable Fed decision to increase interest rates is actually a good thing—for reasons we never considered. We hate the expression "We told you so" but just like in decades before, we're looking again at a time where recent home buyers are living in a house worth LESS than what they paid. People are actually forced to stay in their homes and make the very best of it. Maybe this upside down environment is healthy in an unexpected way. Maybe it will help us reconnect with our family, our neighbors, our community and our sense of purpose.

So many great organizations need our volunteer spirit and time, yet if we're always planning our next move, it is difficult to actively engage ourselves in a local community. I know our kids would appreciate our involvement.

I also know that the warmth and closeness of connections with others is everlasting.

So I ask you, has your house become an asset or a liability?

Just Thinking.

FREEDMAN FINANCIAL

planners • advisors • partners

Eight Essex Center Drive • Third Floor

Peabody, MA 01960

Tel: 978-531-8108 • Fax: 978-532-2666

Email: freedman.financial@fpl.com

Securities offered through Linsco/Private Ledger

Member NASD/SIPC

Coming Soon!

Information on how Baby Boomers are reshaping retirement as never before!

OUR CORE VALUES & BELIEFS

At Freedman Financial we believe

- **Planning** is the critical first step to a secure financial future.
- **Integrity** is essential—our words must match our deeds.
- **Competence** can only be achieved through constant learning and skill assessment.
- the **Relationships** we build with our clients are for life.
- **Innovation** is the key to our success—we are dedicated to improvement, creativity, and value.
- the **Personal** touch matters because the best relationships are built face-to-face.