

Managing EXPECTATIONS

guidance through genuine financial planning

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New Face at Freedman Financial

If you've been to our office in the last few months, you may have noticed a new face. We'd like to introduce Sonia Del Valle, the newest member of the Freedman Financial team. She joined Freedman Financial in September as an operations specialist.

Del Valle, a native of Peabody, has a Bachelor of Science in Business Administration from Emmanuel College and an Associate Degree in Accounting from Burdett College. She has spent the majority of her career in the financial services industry, starting at StockCross Financial Services, Inc., when she was just 19.

More recently, Del Valle worked at Sylvania Lighting Services as a financial analyst. She was attracted to the position of operations specialist because of Freedman Financial's hands-on approach and intimate scale. "I believe I work better in this type of environment," she says. "Plus, I really enjoy the other people who work here."

"Sonia is a welcome addition to our team," says Marc Freedman, who



cites her background in operations and ability to multi-task as key strengths for her position. He's particularly pleased with her attention to detail and strong organiza-

tional skills—essential, since Del Valle's job entails opening accounts and handling transactions such as check requests.

For Del Valle, the opportunity to focus on results and productivity is particularly exciting. "I'm always looking through my activity list and trying to get as much done as possible," she says.

In her spare time, Del Valle enjoys hanging out at home with her husband Jose and her Boston Terrier Enzo. The three enjoy watching sports together, including the Patriots, the Celtics, and professional boxing.

Marc Makes Appearance on CBS

If you're an early riser, you might have caught Marc on the CBS Early Show. The program ran a week long segment in March highlighting the financial concerns of ordinary individuals, and Marc was selected to provide advice to a resident of Dover, New Hampshire on refocusing her financial life. Here are a few of his tips:

- ◆ **Maintain your emergency fund.** It should equal approximately three to six months total expenses, and you should keep it in an FDIC-insured bank account. If your emergency fund isn't completely

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Marc Makes Appearance on CBS

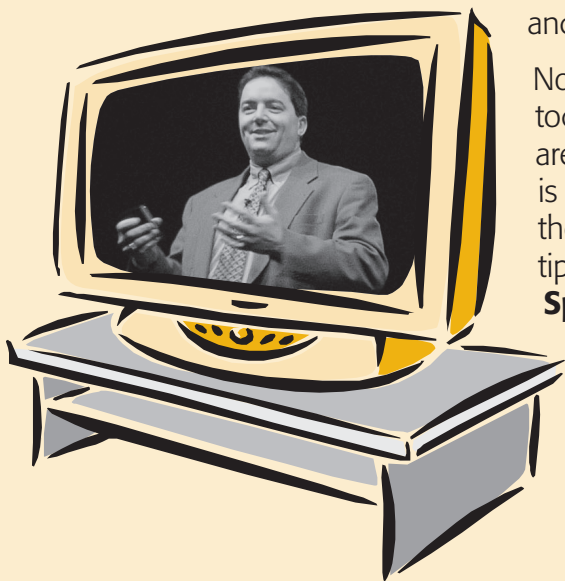
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established, you shouldn't be investing.

- ◆ **Examine your expenses.** We all have succumbed to the temptation of impulsive spending at some time in our life. Now's the time to revisit NEEDS vs. WANTS as well as fixed expenses vs. fun expenses. Your mortgage, utilities, food, insurance, auto expenses, etc are fixed costs. The fun expenses include dining out, vacations, manicures, lawn service, club memberships, lottery tickets, electronics purchases. If money is tight, consider strategies to limit the "fun stuff" for a while.
- ◆ **Rebalance your portfolio.** Revisit your existing investment account and insure that its current asset allocation remains in line with your overall risk tolerance and time horizon.
- ◆ **Harvest tax losses.** This is a rare opportunity to accumulate tax losses that can be used to offset realized gains you might earn in future years.
- ◆ **Don't give up on your 401K.** This employer-sponsored, pre-tax investment account remains one of the most sound investment opportunities for working Americans. In fact, contrary to popular belief, you should wish for the stock market to head downward during your "working years" so that you can buy shares at lower and lower prices. If you believe that investments will recover over time, never abandon your systematic investment strategy in down markets.
- ◆ **Review beneficiary designations.** Challenging economic conditions offer rare opportunities to reflect and rethink about our life today, as well as the legacy we hope to leave behind. Be sure that you review both your primary and secondary beneficiary designations on retirement accounts, life

insurance policies and annuities.

No one denies that today's economic times are challenging. But it is possible to weather the storm. For more tips, please turn to **Speaking Out** on page 5.



The Good, the Bad and the Missing— Perspectives from LPL Financial's research department

Recently LPL Financial released a perspectives report on the current outlook for the economy. The highlights included;

- Contrary to what seems logical, the market does not need to have more "good" than "bad" to reverse a downturn and move to a more advancing posture.
- It is LPL Financial Research's opinion that this transition from fear to an opportunity is upon us now.
- As far as the Good, we are starting to see it trickle in a bit faster than it did just a few months ago.
- While the *Bad* is too numerous to list, the velocity of negative news from many areas of the market has begun to slow.
- The remaining unanswered questions largely surround the details and implementation of the government's many stimulus and rescue packages as well as the future state of the financial services industry.

If you'd like the full report on *The Good, The Bad and The Missing*, please contact our office and we will happily send you a copy.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

Stock investing involves risk including loss of principal.

This research material has been prepared by LPL Financial.

Marion's Corner

The Flight to Quality & Interest Rates



During the last 6 months we have lived through unprecedented economic events. From the wild swings in the stock, bond and real estate markets to the decline of major banks to a near bankrupt US auto industry. Admittedly, we are all learning more than we care to know about a new vocabulary of alphabet soup. Acronyms like CMOs, CDS, TARP, TALF and others have added to the uncertainty and fear among the general population, causing a “Flight to Quality” in investments.

A “Flight to Quality” refers to the time period when investors choose to flock to the safety of principal guarantees from investments like short-term U.S. Treasury securities and FDIC insured bank accounts & Certificates of Deposit.

Did you know that at one point last year, the investor demand to purchase Treasury Bills was so high that the interest rate actually became negative—in other words, investors were paying the U.S. government to hold their money!

When we combine this flight to quality with continued actions of the Federal Reserve lowering interest rate targets and buying up Treasury bonds to pump money through the banking system, we experience incredibly low short-term interest rates investments that are perceived to be “safe” from principal loss.

Individuals and business that need to borrow funds are enjoying this low interest rate environment and find it to be an incentive to buy homes or borrow money for business expansion. Yet, for people who depend on interest rates from CDs and money markets as an income source, these can be very challenging times.

We continue to encourage our clients to keep short-term cash needs as well as money earmarked for an emergency fund in a very safe, highly liquid bank account, even though the interest rates are very low. We also remind our clients that this is not the place for your long-term money. Although inflation is very low right now, it is very likely that the money the Federal Reserve is putting in the economic system will lead to higher inflation at some point. At that time, your risk of not being able to keep up with the cost of living will likely become very real.

Therefore even in highly uncertain economic times, it is important to remain diversified and have some investments positioned to grow over the long-term horizon. We welcome the opportunity to meet with you and discuss the investment strategy that aligns with your personal goals and objectives.

New Allowable Uses for 529 Plan Money

If you have a child (or a grandchild) who is going to attend college in the future you have probably heard about qualified tuition programs, also known as 529 plans (for the Internal Revenue Code section that provides for them), which allow prepayment of higher education costs on a tax-favored basis. A provision in the recently enacted “American Recovery and Reinvestment Act of 2009” (the 2009 economic stimulus act) enhances the flexibility of 529 plans.

The new stimulus package allows money from qualified 529 plan to be used to purchase computers and related technology. The change applies for 2009 and 2010

Happenings

Reminder:

The Client Advisory Council meets on April 28th.

Marc's Calendar

Marc will be heading to Chicago in June. He's participating in the LPL Advisory Leaders Forum as well as the Business Leaders Forum.

And the winner is...

The Freedman Financial Scholarship Application was due in March—look for the winning essay in the next issue of the newsletter!

Keep in Touch!

Freedman Financial recently signed with a new e-mail provider (Constant Contact). The new provider allows us to send out more colorful and graphically interesting e-mails. If your e-mail address has changed, please drop us a line so that we can keep you informed of events and happenings.



Tax Return Review

By now you've probably sent your tax return off to the Internal Revenue Service. Did you get a refund that was larger than expected? Did you owe more money than you had planned?

Now is a great time to send us a copy of your tax return so we can offer some financial planning tips for the upcoming year. For those of our clients who use WealthVision, we can upload this document into your private vault.

Reminder:

Don't forget... we file an ADV with the Commonwealth of Massachusetts every year. If you'd like a copy, please call the office.

Seminar

Freedman Financial is holding a seminar entitled "What Should I Do Now?". The focus is on financial preparedness, and it will be held on May 5th at the Peabody Marriott. If you are interested in attending, please let us know!

Speaking Out

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of leaders, teachers and mentors in your life. Don't try to deal with worrisome issues on your own. Our life is hills and valleys; always know that in every challenge lies opportunities.

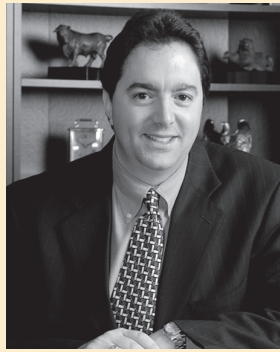
→ Unparalyze your friends, neighbors and

relatives. Over the past few months we've sent our clients words of advice and reflection. Yet, so many other individuals have grown so paralyzed by the current economic climate that they refuse to address their financial worries and concerns. Introduce them to our firm. We still offer a free consultation to new prospects, and we'd be honored to meet someone who you referred to our office.

As always, thank you for your continued confidence in us.

speaking out

by Marc Freedman



their life goals for the sake of their offspring.

→ Defense first, offense second.

In America our natural tendency is to accumulate wealth first and then buy risk management products to protect ourselves. In Europe, the approach is just the opposite. Many Europeans can still count on pensions, social security, health care and education costs. Yet, rather than build wealth first, they choose to spend money first on protecting their assets, and their family's earning power first. Perhaps long term care, disability or life insurance are overlooked elements of your financial plan. Could this be an important lesson in the future?

→ If you choose to sell out, be

sure you buy back lower. The economic climate has led to some people electing to sell out of their stock investments with hopes of re-investing when times are better. Yet, as markets continue to drop, the desire to re-enter lessens and lessens. If your intent is to re-enter the market when it is higher than when you sold, you might ask yourself, "Why sell now and assure myself further realized losses?"

→ Beware of the impact of

entertainment. Each time you watch television, read the paper or scan the internet you are being entertained. Try to identify trusted resources in your life rather than relying on sound bites and sensationalized news stories.

→ Act rational in emotional

times. We've made this statement for decades, but in times of crisis it's tough to keep your head level when those around you seem to be losing theirs. Rely on the wisdom
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Lessons Learned...

There is no question that the last nine months have been extraordinarily trying times. Our emotions have been tested, our wallets have been tightened and our confidence in business, government and economics has been challenged.

We thought we'd share our top ten lessons that we've learned from our clients, our colleagues, and professionals around the world on better positioning ourselves to achieve the financial future we want.

→ Never consider your investment account your emergency fund.

Too often in times of prosperity people tend to pull money from the safety of bank accounts and try their luck with a better return in the markets. You should always have a cushion of money equal to 3-6 months of expenses in a bank account. The interest rate doesn't matter—safety does.

→ It's just as hard to be OUT OF the market as IN it.

There have been several instances where people have considered abandoning a comprehensive investment strategy and going to cash. While the goal of cashing out was to provide peace of mind and further potential—it actually conjures worries when the markets move up and you start counting how much money you might have made if you stayed invested.

→ Beware of the golden ticket.

No I am not talking about investing in gold, I am talking about being speculative through the purchase of under \$5 stocks. While the opportunity for quick gains may seem enticing, the ability to lose money quickly is just as possible. Maintaining a well balanced portfolio that reflects your long term risk tolerance has shown to serve clients well over time. Leave speculation to the professional traders.

→ Retirees need to maintain

up to three years of income in liquid, low risk investments. For instance, if you choose to spend \$7,000 per month in retirement and Social Security and/or a pension income provides you with \$4,000 per month, you will need to draw \$3,000 each month to make up the difference. Be certain that you position about \$100,000 in cash or short term, liquid bond investments to reduce the overall risk to your investment portfolio.

→ Take care of yourself FIRST.

Lately we've seen too many of our retiree clients quietly suffer because they have committed part of their spending lifestyle to support their children or grandchildren. Unfortunately, their personal dignity doesn't allow them to tell their children that they can't afford to keep paying the expenses. In doing so they risk fulfilling

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Securities offered through LPL Financial

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Save the Date!

We're holding a seminar on financial preparedness on May 5th—see inside for details.

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.