



- ▶ AMERICA FIGHTS FORECLOSURES ..... 1
- ▶ ARE YOUR CHILDREN FINANCIALLY LITERATE?..... 2
- ▶ PAT CARROLL'S COMMENTS ..... 2
- ▶ WHY IS ESTATE PLANNING SO IMPORTANT? ..... 3
- ▶ A LOOK AT 2009 TAX LAW CHANGES ..... 3
- ▶ CLIENT SPOTLIGHT... ..... 4

# WSG Financial

## focus

ADDRESSING THE NEEDS OF OUR CLIENTS AND PLANTING THE SEEDS FOR A BRIGHTER FUTURE.

## America Fights Foreclosures

*Will Obama's strategy make a dent in the problem?*

Just one day after signing his massive stimulus plan into law, President Barack Obama unveiled a strategy to stem the tide of American foreclosures. Some borrowers and lenders cheered but many housing industry analysts were unimpressed.

When does it take effect? The program officially begins on March 4, when specific terms of homeowner eligibility become available. The strategy has three parts.

**Part 1: Helping homeowners without equity.** Is your mortgage underwater? Do you have a conventional mortgage arranged after a sizable down payment? Have you made payments consistently? You could be eligible to refinance into lower-rate mortgages under this relief plan.

**Part 2: Helping homeowners who can't make their monthly payments.** Could you make the payments if they were reduced? Do you have an adjustable rate mortgage that has reset? Are your mortgage payments more than 38% of your monthly income? If so, you could be eligible for a new loan modification program. It would lower the interest rate on your mortgage for five years or longer.

**Part 3: Helping Fannie Mae and Freddie Mac.** While \$75 billion of federal funds go toward Parts 1 and 2, the greatest chunk of money, \$200 billion, will be used to buy preferred stock in FNMA and FHLMC. This will encourage mortgage availability and make refinancing easier for homeowners.

**How would home loans be modified?** If you have a mortgage guaranteed or

owned by Freddie Mac or Fannie Mae, the plan will allow you to apply to refinance them. You have to meet the terms of the program. You have to be able to document your income and show that you live in the home in question. If you meet the terms, your lender could potentially arrange a mortgage with a lower interest rate.

If your home loan payments are greater than 38% of your monthly income and you are having a hard time making them, the Obama program gives your lender an incentive to lower the interest rate or reduce the principal amount to bring the payment to 38% of your income. And if the lender does that, the government will pay 50% of the additional cost to that lender to cut your mortgage payment to 31% of your income.

*Continued on page 2.*

## EDUCATIONAL WORKSHOP

**SATURDAY, MARCH 21, 2009 - 9:30 a.m.**  
**Estate Planning & Trust Education**

Mid-Atlantic Federal Credit Union Headquarters  
12820 Wisteria Drive, Germantown MD

Join us for breakfast and learn strategies to help you avoid probate, save taxes and more. If you own titled assets and want your loved ones to avoid court interference at your death or incapacity, consider attending this information seminar. Call 301-990-4395 before March 20 to reserve your seat!



# Are Your Children Financially Literate?

*Many Young Adults Are Not...And They Could Pay a Painful Price*

**H**ow bad is financial illiteracy today? Likely, so bad that your adult children may be at risk of making some serious financial mistakes. Recent surveys have shown that many young adults are not only wayward financially, but also pessimistic about ever becoming wealthy.

A 2006 Oppenheimer Funds survey of women aged 26 to 39 found that 62% of respondents had no investment accounts at all and that 67% were living paycheck to paycheck. In fact, 55% of women between the ages of 25 and 34 had emergency savings of less than \$500.

In 2005, the CFA and the Financial Planning Association undertook joint surveys that illustrated a startling expectations gap. In the FPA survey, many of the financial planners felt that more than 80% of young adults could amass \$250,000 in net worth over a 30-year period. Approximately 50% could accumulate \$1 million of net worth in the same

time span. But only 26% of the young consumers surveyed believed they could amass \$200,000 at any point in their lives, and only 9% felt they could accumulate \$1 million.

Don Blandin, CEO of Investor Protection Trust, commented that “the entry of most Americans to the securities market is by buying a product rather than understanding the process.” Many young investors choose to fly solo into the stock market through the internet and many young homebuyers know just enough about mortgage and lease options. A case in point is 24-year old Casey Serin, now \$2.2 million in debt as a result of what he didn’t know about real estate investment.

The Ad Council and the American Institute of CPAs have started a national campaign, Feed the Pig, to try and correct this dilemma. The National Council on Economic Education has also helped launch [www.TheMint.org](http://www.TheMint.org) to help provide young adults with vital financial principles.

## America Fights Foreclosures

*Continued from page 1.*

**More help for more people.** You don’t need to face foreclosure to get assistance from this program. You don’t even have to be behind on your payments. In fact, if a loan servicer modifies a mortgage before it defaults, it gets a higher incentive payment. If you are already in foreclosure, your lender has the option of participating in the program...or not.

**Who does this not help?** People who have responsibly paid their mortgages for years. If you have paid consistently, you will have to continue to pay without any government help.

**Will this work?** President Obama and FDIC chairman Sheila Bair think so. They believe we will start seeing a real impact in March with meaningful, long-term sustainable progress.



### Pat's Comments

Whenever you experience market gyrations, as we have in the past few months, it is normal to pause and evaluate your approach to investing. This is the perspective and approach we are taking towards your investments:

**Perspective:** The nightly news tells us how the Dow Jones Industrial Average did for the day. It is an Index of 30 stocks and you can not actually invest in it. Remember you are not invested in the Dow; your portfolio is much more diversified. The Dow may be down for the day but your portfolio may not be.

**Our Approach:** The performance of the Dow certainly matters. Most of you own some components of the Dow. Your portfolio is diversified with bonds and other fixed investments that insulate you from the Dow’s volatility.

I, personally, am not panicking. We believe you should consider holding all of the money you need to spend in the next three to five years in cash and bonds. Of course, any investment decisions you make should be based on your personal situation. That should help you to weather this economic storm and give the markets time to possibly recover as they always have in the past.

There is not one right answer for every investor and I customize my strategies for each of my clients. If you have any questions regarding your approach or would like to change your approach, please call me immediately.

For continued updates on the economy and to have your questions answered, please join our teleconferences held the second Monday of each month. Our next teleconference is scheduled for **Monday, March 9th at 12:30 p.m.** Call our office at **301-990-4395** to RSVP.

Historical Performance cannot guarantee future results. Diversification helps you spread risk throughout your portfolio, so investments that do poorly may be balanced by others that do relatively better. Neither diversification nor rebalancing can ensure a profit or protect against a loss.

# Why is Estate Planning So Important?

**What is a living trust?** A living trust is a legal document that contains your instructions for what you want to happen to your assets when you die. Unlike a will, a living trust avoids probate at death, can control all of your assets and prevents the court from controlling your assets if you become incapacitated.

**If your estate is small, should you still plan?** Even if you leave behind the \$10 bill in your wallet, who will inherit it? Do you have a spouse and children? Who will inherit the \$10—should it go to just one of them, or be split between them? If you don't decide, you could potentially be leaving behind a legacy of legal headaches to your survivors. This is what estate planning is all about—deciding how your money and assets will be distributed after your lifetime.

**Do you have to create an estate plan?** Everyone should do some type of estate planning. Your estate plan could include wills and trusts, life insurance, a living will, long-term care insurance, power of attorney and more. We will meet with you and help you determine what plan would best suit your needs. Our experienced staff and estate planning attorney can customize an estate plan that will accomplish your goals.

**Where do you begin?** Speak to a qualified legal or financial professional—one with experience in estate planning. For more information, consider attending our *Estate Planning and Trust Education Workshop* on **Saturday, March 21st at 9:30 a.m.** at the **Mid-Atlantic Federal Credit Union Headquarters**. WSG will work with you to create your estate plan,

assist you in funding your trust and enroll you in the DocuBank program.

DocuBank is a unique program that provides you with emergency access to your advance directives at any time and anywhere in the world. DocuBank safely stores advance directives as well as health care power of attorney for you so that you have access to them whenever they are needed. With DocuBank, your information is accessible but also protected.

Call our office at **301-990-4395** for more information or to RSVP for the Estate Planning and Trust Education Workshop. If you currently have an estate plan in place, it should be reviewed. In 2009 we should see a complete update of the federal estate tax laws.

## 2009 Tax Law Changes

### 21 Things You Need to Know About the 2009 Tax Laws

1. **No mandatory taxable withdrawals from tax-deferred retirement accounts.**
2. **Many retirement plan contribution limits rise.**
3. **MAGI limits affecting traditional IRA and Roth IRA contributions increase.**
4. **The estate tax exemption rises dramatically.**
5. **The gift tax exclusion increases to \$13,000.**
6. **Personal exemption values rise by \$150.**
7. **Standard deductions rise by \$250 to \$500 depending on your filing status.**
8. **Tax bracket thresholds have been adjusted for inflation.**
9. **AMT exemption amounts go way down.**
10. **Mileage deduction rates increase.**
11. **Higher tax exclusion for taxpayers working outside the U.S.**
12. **Less capital gains tax break for the sale of vacation homes, second homes and certain rental properties.**
13. **A credit for first-time homebuyers of up to \$7500.**
14. **A Recovery Rebate Credit available to those who didn't get a stimulus check in 2008.**
15. **A higher casualty and theft loss limit.**
16. **Changes regarding the status of a "qualifying child".**
17. **The Earned Income Credit increases by \$200, and the eligibility limits rise.**
18. **A notable change for the Hope Credit and Lifetime Learning Credit.**
19. **New energy credits you may be able to take.**
20. **Income caps rise for tax-free EE bonds.**
21. **Special tax breaks for Midwesterners affected by the floods, storms and tornadoes in 2008.**

In addition, here are three topics that don't concern actual 2009 tax law changes yet are definitely worth noting:

**Social Security:** In 2009, the maximum Social Security benefit rises to \$2399 per month.

**The proposed "Making Work Pay" tax credit.** A refundable tax credit of up to \$500 for working individuals and up to \$1000 for working families.

**The idea of a national sales tax holiday.** The NRF proposes three national sales tax holidays—3, 10-day periods in March, July and October.

Will Congress pick up the ball and run with it? We shall see.

Securities and advisory services offered through NATIONAL PLANNING CORP. (NPC), Member FINRA/SIPC, a Registered Investment Adviser. WSG and NPC are separate and unrelated companies.

Opinions voiced are for general information only. They are not intended to provide specific advice or recommendations for any individual. Please remember that investment decisions should be based on an individual's goals, time horizon, and tolerance for risk.

## 2009 Seminar Schedule

### March 21 Estate Planning & Trust Education

Speakers: Patrick Carroll and  
Francis Kreysa, Esq.  
Mid-Atlantic Fed. Credit Union  
Germantown, MD  
9:30 a.m.

### April 28 Downsizing: moving to a senior living community

WSG Office  
7:00 p.m.

### May 26 "Right- Sizing " Your Life

Speaker: Transition Assistance and  
Design  
WSG Office  
9:00 a.m.

### July 28 Identify Fraud and Scams

WSG Office  
7:00 p.m.

# Client Spotlight

## Christopher Kirchoff and the ESK Foundation

*In this issue, we want to introduce you to Chris Kirchoff and the ESK Foundation that he established in honor of his late wife, Elaine Schouten Kirchoff.*

"Helping others in need" is the motto for the Elaine Schouten Kirchoff Foundation. Founded by Chris Kirchoff in 2001, the foundation seeks to aid those special people and their families who are experiencing a life-threatening illness.



The foundation accomplishes this goal by supporting the organizations that directly provide programs, facilities and special personal care to those in need. These groups include Hospice Caring, Inc., Camp Friendship, and American Cancer Society's Hope Lodge. For many years, the foundation has hosted a golf tournament to raise funds. For several years, WSG staff have provided volunteer support to assist this worthy project. Several WSG clients also provide volunteer support.

For more information on the ESK Foundation and the golf tournament, please visit the foundation website at [www.eskfoundation.net](http://www.eskfoundation.net).



2099 Gaither Road, Suite 110,  
Rockville, MD 20850