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"No man is a great leader who wants to do it all himself, or get all the credit for doing it."
~ Andrew Carnegie ~



"GOT SOME STOCK MARKET JITTERS?"

As we are writing this, here's the consistency of the stock market in the last three days (as reflected by the Dow Jones Industrial Average of 30 Major Stocks):

Thursday: (-) 344.65

Friday: (-) 33.00

Monday: (+) 289.78

Pretty good huh? It's enough to make you crazy!

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The question is...does this kind of market volatility make YOU crazy?

See, many people get pretty nervous when they see their assets going up and down in value like a broken roller coaster.

Many people are very worried and watching the market like a hawk, checking out their favorite websites every hour or two, watching CNBC, or reading blogs while they're supposed to be working!

We're compelled to talk about the market again, as we've all been watching this bobbing and weaving of stock prices, and we get lots of questions about things like:

- Should I sell out now, before it gets worse?
Should I buy more now before it gets better?

- Should I exercise some or all of my stock options?
What about my kid's money set aside for college in mutual funds?
Should I switch my 401(k) or variable annuity money into different funds?
What should I do with my employer's stock?
Should we diversify into bonds or cash or gold?
Should we stay put with what we've got?
What are the tax consequences of selling stock now, vs. waiting until prices go back up?
Should we refinance now with rates relatively low, or wait, or not do it at all?
Can I get adopted by Bill Gates?



(OK. The last one's not really a question we get asked, but it is a good question.)

Anyway, these are all good questions. Maybe you have one or more questions we haven't addressed in

In This Issue

Feature Article

.....Page 1
Got Some Stock Market Jitters?

Financial Tip of the Month.....Page 2

Understanding the Over-700 Club Credit Score Club

Success Story of the Month.....Page 3

Bringing Baby Home!

Did You Know?

.....Page 4

- 1.) First time home buyers can snag \$7,500 tax credit
2.) Texting on the go can be hazardous
3.) Heroic measures to extend life may not be in a pet's best interest

Health Tip of the Month.....Page 5

October is National Liver Awareness Month

Client Quiz ...Page 6

this list. Maybe you have other concerns or worries that we didn't talk about.

Well, no matter how many questions you have like this, there is a real simple answer for you:

IT DEPENDS!

Everyone hates this answer. Everyone wants us to say things like:

"Well, in our opinion, the market will trade between 11,100 and 14,000 for the foreseeable future, unless it breaks out on either side of this range, in which case it won't."

See, this "expert" opinion is a joke, but it's not funny.

No one knows what's going to happen tomorrow or the next day. No one.

Not the guys and gals on TV, nor on your favorite blog, nor the website pundits, nor the reporters, nor the economists, nor the analysts, nor the barber, nor your brother-in-law, etc.

Anyway, our philosophy hasn't changed a lick since the market was exploding years ago, nor after it nosedived after 2000, nor through the last eight years of up and down and up and down.

Our answer of "it depends" to these questions is always going to be our answer until we sit down with you and review:

- Your current situation.
- Your previous planning scenarios.
- Your goals and objectives.
- Your tax situation.
- Your family situation.
- Your employment or business situation.
- Your entire financial situation.
- Your new or revised tolerance for risk.
- And so on.

Every one of you is totally unique and separate. It doesn't matter what one client does, or what your relatives (especially your "in-laws") think, or what the people at work are doing, or even what we're doing with our own money!

All that matters is YOU and YOUR family's situation. PERIOD.

We can help you arrive at your OWN answers, and do it by updating and monitoring your planning. We cannot tell you what to do, but we sure can advise you of all of your options, and let you make an educated decision based on facts and your own circumstances!

Make an appointment and contact us. We'll help you by reviewing your whole situation, update your plan, and get you back on track. So, give us a call and schedule an appointment for your review so we can find out what's up with you.

Remember to stay in touch with us, so we can do our best to help you...and to let us know when you're THINKING about making a financial decision...NOT AFTER YOU'VE ALREADY MADE IT!

Please don't call us and tell us what you've already done. We'd rather you call us and tell us what you're considering. It works much, much better!

So...don't delay. Call us up for your review, RIGHT NOW, while this is fresh on your mind. We'll take care of the rest! (Don't forget, we know where to find you!)

FINANCIAL TIP OF THE MONTH...

Understanding the Over-700 Club Credit Score Club

There is one easy way to understand mortgages and that is to think of the process from the point of view of the lender.

Suppose a lender was considering making a loan, which one of these questions would be the most important?

- Does the customer have enough money to pay back loans?
- Does the customer have a lot of consumer debt?
- What is the customer's attitude toward consumer credit?
- Will the customer repay this loan?

If you answered 4, you are correct but, according to a survey by the Consumer Federation of America, three out of four people would probably flunk this quiz.

After all, it might seem important to ask whether a consumer has enough financial resources to pay back a loan and certainly this is important. But it isn't the most important. Having money is one thing, paying your bills is quite another and lenders want to know if you pay your bills and if you pay them on time.

It's true that lenders also want to know if you have abused credit and whether you have a lot of debt. This is part of the consideration of whether a borrower is a high risk or low risk, but it isn't the whole answer.



Your attitude toward credit doesn't matter. There is no way to measure attitude except based on your behavior. Again, if you pay your bills and pay them on time, the lender knows whether making a loan to you is a safe business arrangement or a risky one.

The lender can only make a profit on the loan if you pay it back. While a lender will look at your income and your debt load, the main question on their mind is: Will you repay this loan?

So here is the second question of the quiz:

What indicates the likelihood that a person will repay a loan?

If you said, 'credit score' you are correct. The higher the credit score (which ranges from 300 to 850), the higher the likelihood that a person will pay back a loan. Typically, you need a score of at least 700 to get the best mortgage rates and the best mortgage rates will literally save you thousands of dollars over the life of a loan.

Here's the good part: Your credit score is in your hands. Pay your bills. Pay them on time. Keep your debt load reasonable. Then, you too can join the ranks of the over-700 club, the people who pay the least interest on loans.

Please keep in mind that this tip is designed to be of help for you, but is not to be relied upon as advice. It is merely a reminder that there are many choices you have available to you, and that planning is the only way to find the right answers for your situation! As with any financial issues, make sure you get the right information before making a decision! If you have any questions, we'll be glad to help you!

STORY OF THE MONTH!

(Note: The details of these stories have been changed to maintain confidentiality, and some compilations are used to accomplish anonymity.)

"Bringing Baby Home!"

This story is one that we like to tell you, because it has a happy ending and kind of warms your heart. Although when we first met the people involved they weren't very happy.

Julie and Mike have been married several years, and for all kinds of reasons were not able to have kids. Julie went through lots of testing and medical procedures, all kinds of experimental treatments, and the doctors thought they had taken care of everything, and now there would be nothing to stop her from conceiving.

"When you come to a fork in the road...take it." ~ Yogi Berra ~

Then they discovered that Mike too had medical problems. However his problem was not treatable and they ended up unable to have children. They were heartbroken.

After a while they decided that adoption would probably be the best route. They went through several normal channels and discovered that they would be pretty good candidates and likely be approved to adopt a little baby.

Coincidentally about the same time, a college friend of Julie's had a friend who had a sixteen-year-old daughter, Erica, who was pregnant. Julie's friend knew that she and Mike were interested in adoption. She mentioned it to Erica's mother who was very interested. She spoke to her husband and Erica and her boyfriend and came to the conclusion that this was a good alternative to everyone concerned.

Erica's dad hired an attorney to check out Julie and Mike. His report came back mostly okay with the exception that Julie and Mike's financial situation was a mess.

Julie and Mike both had good paying jobs, lived in a really nice house, had all the external appearances of being very successful financially. The reality was that between the two of them they couldn't have made their financial situation worse if they tried.

Virtually no savings, credit cards debt up the ying-yang, out of control spending, owing back taxes to the IRS and on and on. "I know this doesn't make Julie and Mike bad people", said Erica's father, "but I'm not going to agree to this unless they clean up their act, and we have some assurances that they can be responsible for taking care of this baby."

Well, as you might have guessed, that's how Julie and Mike ended up in our office. In fact, the real story was worse than what the lawyer had discovered with his own research.

Not only was everything we mentioned a few seconds ago true, but there were other problems with their money.

For example, they had set themselves up to pay the most amount of income tax possible (hence their problems with the IRS), as most people we see do, had all the wrong kinds and amounts of insurance, had financed their house incorrectly, etc.



"Wait, someone just sent me a hex message."

We helped them first establish where they were, (which was plenty tough) and then worked with both of them, and Erica's family, to set some goals and acceptable standards for how they would handle their money.

We then helped them develop a step by step plan that would take at least a few months to implement, and that realistically would get them back on track, and achieving their goals over a period of a few months.

For example, we suggested they:

- Buy the correct amount of life insurance based on the baby being in the family now. They both had old, (horrible) cash value policies, and were horribly underinsured. We helped them get the right amount of coverage based on a new Capital Needs Analysis. And, with the cash in their old, outdated policies, were able to increase their coverage by huge amounts, and keep their annual premiums about the same as they were before!
- Rearrange their financing on their home. They had decent credit scores, but not spectacular. And they had a really bad, sub-prime loan that was due to explode in payments in a few months. We suggested a 75% loan, fixed for 30 years at today's still very low rates so they had permanent security on their home financing.
- Change the way they had their company benefits were set up, like their 401(k)'s, their Health Savings Accounts, as well as their personal asset management to be able to reduce their income taxes by over \$550 a month! This new found money is set up to:
- Go into their college fund for the baby.
- Establish a supplementary retirement fund.
- Set up a debt "pay-off" fund".
- Upgrade their homeowner's and auto insurance so they could cut their premiums and improve their coverage. We suggested they cut back on expensive but really useful coverage, and reallocate the premiums to pay for increased, important coverage. This included a 2 million dollar liability umbrella, a critical mistake not to carry.

They used a proven debt repayment method we helped them set up, so they could remove their debt burden inside of a year.

Once we set up the plan, Julie and Mike signed an agreement stating that they would work with the plan, and understood that if they got back to how messed up they used to be, they could risk losing the baby.

Well, the good news is Julie and Mike really turned themselves around! They not only stuck to the plan, but did even better. With the guidance

we provided through their financial plan, they got their spending and taxes under control. They redid all their insurance so they'd be properly covered, saving themselves big money each year in wasted premiums.

They have investment plans set up for the future, a college fund for the baby, debts well on their way to being paid off....and so on!

Not too long ago they brought their beautiful little girl home! We honestly don't think that this could have ever happened if Julie and Mike hadn't agreed to set up, and implemented, a financial planning scenario that was realistic and responsible. We were thrilled to be able to help!

If you are interested in learning more about how you can save money in taxes, or other expenses you might be overpaying for...or want to sit down with us and have your plan reviewed or updated, give us a call! We're here to help you, and to help you keep on track with your planning. Don't be a stranger. Call us and we'll assist you in having the best shot possible of reaching your goals, and having peace of mind! Don't wait until it's too late!

DID YOU KNOW...

(Our monthly feature of tidbits of news and info to make your life easier, your money work harder and so you're healthy all the time!)

1.) First time home buyers can snag \$7,500 tax credit - If you are thinking about buying a home, the U.S. government is ready to stuff your piggy bank with \$7,500, but don't delay. The program ends next summer. The federal housing bill signed in July



by President Bush gives first-time home buyers a \$7,500 tax credit as a head start to home ownership. According to the terms of the Housing and Economic Recovery Act, first-time home buyers will get a tax credit of 10 percent of the purchase price of a home up to \$7,500. That means if you buy a new home any time from April 9, 2008 to June 30, 2009, you get up to \$7,500 off your taxes.

That can mean a lot to the average wage earner. A couple earning a total of about \$90,000 a year, typically pay about \$10,000 in taxes if they do not itemize. Under the provisions of the current bill, the wage earner couple who buys a home during this period, would get to subtract \$7,500 from their tax bill.

However, the credit is not a pure gift and it is really more like a zero-interest government loan.

Homeowners will be asked to pay back the credit during a 15-year period. Each year, they will be required to repay a small percentage. For example, if a homeowner qualifies for a \$7,500 tax credit, would repay the credit at \$500 a year beginning with their 2010 tax return.

But even considering that homeowners will repay the \$7,500, this adds up to big savings over the life of the mortgage. After all, if they had to finance \$7,500 over 30 years at 7 percent interest, a homeowner would pay more than \$8,000 in interest.

It's easy to qualify for this unique credit. To be classified as a first-time homeowner, you must not have owned a home in three years. You must take the standard deduction on your income taxes (meaning you must not itemize). In addition you must buy a home between April 9, 2008 and June 30, 2009.



According to the National Association of Home Builders, first-time home owners make up about 40 percent of the entire market. Existing homeowners also get something in the housing bill. Homeowners can expect to get a tax deduction if they don't itemize their taxes. The deduction is \$500 to \$1,000 for real property taxes they currently can't write off.

2.) Texting on the go can be hazardous - Multitaskers are trying to manipulate the little keyboards of their mobile phones or personal assistants while walking the hallways and streets. They are running into walls and doorways and falling down the stairs. Outdoors, the latest public nuisance has them bumping into lampposts, parked cars and garbage cans. Sometimes they are responsible for traffic accidents as they text themselves into the streets. But most of the time, the victims are the texters themselves. Chicago's Northwestern Memorial Hospital's emergency room sees a lot of injured texters. It's located downtown near the big stores on Michigan Avenue. And it's close to the busy Lakefront path where walkers and joggers share a lane with bikers. The ER treats fallen texters almost every day. Texters are more prone to facial injuries because they hold their devices close to their faces. When they fall, their hands are less likely to protect them. They end up on the ground with cut and scraped chins, noses and foreheads, along with broken glasses. What's more, they often take innocent people down with them. At an online forum called crackberry.com, Blackberry users share tips on how to navigate busy streets while texting. According to The Wall Street Journal, the advice includes this: "U gotta walk with ur chin @ about a 45 degree angle, then u won't bump into

nothing," says JBEL. "Trust me it works." Wouldn't it be better to follow the advice given to motorists? If you must text, pull to the side of the road in order to avoid an accident!

3.) Heroic measures to extend life may not be in a pet's best interest - Americans love their pets. We treat them like members of the family or like children. There's a problem with that. Though your human friends can be expected to live about as long as you do, an animal's life is much shorter. It's a fact that should be realized from the day a dog or cat comes to live with you.

Near the end of a pet's life or when a serious injury occurs, more people are choosing painkillers, chemotherapy, feeding tubes and serious surgery. Euthanasia, the most humane way to end a pet's misery, is often not chosen. Heroic measures are taken because people don't want to let go of their beloved pet. But the experience may just mean pain for the animal involved. At the Center for Bioethics at the University of Pennsylvania, they say pets should not be subjected to extraordinary measures that give their owners a few months more of companionship. Quoted in Business Week, director Arthur Caplan dismisses analogies to old people with illnesses. He says, "Grandma can be self-reflective and enjoy a birthday. A cat just suffers." Roger Mahr, president of the American Veterinary Medical Association, says treatments should be used cautiously. If an animal is suffering, it ceases to take joy in being a dog or cat. At People for the Ethical Treatment of Animals, they say it can be difficult, but we need to know when to let go.

HEALTH TIP OF THE MONTH...

These tips are not for everybody and should not be taken as specific recommendations. Before you take any action regarding yours or anyone's health, we strongly suggest you consult a qualified physician!

October is National Liver Awareness Month

Guard your liver: It's big, but not very tough. It's the largest organ you have. The liver is about the size of a football, but not nearly as resilient. There's another big difference: You can live without a football, but you'll die without a liver.

Weighing three or more pounds



and located behind your lower ribs on the right side, it's the body's refinery, says the American Liver Foundation. It filters out and disposes of harmful substances, and it converts vitamins, minerals and sugars into things the body can use.

The liver quietly goes about its many jobs with little attention from you. All it needs is your protection. Here are some ways to guard your liver.

- Don't overwork it. Maintain a healthy weight. Overweight and obesity can increase your risk of fatty liver disease.
- Be careful with chemicals, including pesticides, aerosol cleaners and paint sprays. Avoid inhaling chemicals or letting them come into contact with your skin. Skin absorbs chemicals.
- Prevent the liver diseases hepatitis A, B and C. They can be spread through contaminated tattoo and other needles and shared razors, toothbrushes or nail clippers.
- Practice safe sex. Unprotected sex or sex with multiple partners increases the risk for hepatitis B and C.
- Get vaccinated for hepatitis A and B if you are at risk.

- Stay away from street drugs such as heroin and cocaine, which seriously damage the liver.
- Use alcohol responsibly. Too much too often can lead to cirrhosis of the liver, often a fatal condition.

OCTOBER 2008 CLIENT QUIZ!

Q. The new 2008 Tax Law has tightened up the ability to do Roth IRA's. Now if you participate in an employer retirement plan, you cannot do a Roth IRA. **True False**

Here's The September 2008 Quiz Question And Answer!

Q. What was the average price of a gallon of gas in January 2001?

A. \$2.78 B. \$2.35 C. \$3.07 D. \$1.46

A. D. \$1.46 per gallon!

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