



Staff Introductions

We've added some great members to our team and many of you have already met them. Please join us in welcoming them to our team!



Melissa Scenga, MAcc

Melissa earned her Master of Accounting Degree and Bachelor of Science Degree in Finance from Oakland University. She recently completed the Enrolled Agent exam and is awaiting her license from the Internal Revenue Service. Melissa is completing the Alliance of Cambridge Advisors training course and continues to work towards becoming a Certified Financial Planner (CFP®). She provides client support as an Associate Paraplanner in Michigan and assists with the day to day operations of the firm. Melissa lives in Sterling Heights with her husband Paul and their dog Leia.



Sean Ryan

Sean Ryan has been on staff with Cambridge Connection as an Associate Paraplanner since the summer of 2009. Sean earned a Bachelor Degree in Finance from Central Michigan University in May of 2009. In addition to his college education, Sean is completing the Alliance of Cambridge Advisors training course and continues to work towards becoming a Certified Financial Planner (CFP®). Sean provides client support in Michigan and Tucson, Arizona. Sean resides in downtown Royal Oak and in his spare time enjoys athletics, music and traveling. He has enjoyed working at Cambridge for the past year and feels that fee only planning makes a true difference.



Samuel Chow

Samuel Chow is an Associate Paraplanner on Pam's team in Michigan. He grew up in Hong Kong, lived in Toronto and studied Computer Science at the University of Windsor. He is currently pursuing his EA (Enrolled Agent) license and is registered for the ACA (Alliance of Cambridge Advisors) training course.



Kelly Lutz

Kelly Lutz has joined our team in Michigan as the front desk Client Coordinator and operations specialist. She will also assist Bert Whitehead with calendar organization and general assistance. She earned her Bachelor of Science Degree in Psychology from Michigan State University in 2008.

Did you know...

The **Master of Accountancy** is a graduate [professional degree](#) designed to prepare students for public accounting. The program may consist of all graduate accounting courses or a combination of graduate accounting courses, graduate tax courses and other graduate business electives. The program is designed to not only prepare students for the CPA examination but also to provide a strong knowledge of accounting principles and business applications.

An **Enrolled Agent** (or EA) is a [tax](#) professional recognized by the [United States federal government](#) to represent taxpayers in dealings with the [Internal Revenue Service](#) (IRS). The profession has been regulated by [Congress](#) since 1884

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copy during their tax preparation
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Additional copies are available from 'Bert's
Book Store' at bertwhitehead.com or
amazon.com

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Staff

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Chris Zehnder, Senior Advisor – Florida/California
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Sean Ryan, Paraplanner – Michigan
Karin Jergovich, Paraplanner – Michigan
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MAKING YOUR JOINT FINANCES WORK

by Kelly Adams, EA, CFP® Novi, MI

There's an old saying: "Two can live as cheaply as one." Not exactly accurate, but there are financial benefits when two singles become one couple. When this happens, the partners need to decide how they'll handle their joint finances

There are many ways to combine two partners' finances into one system. The younger the new couple, the easier it is just to throw everything together and consider it all joint. It can be more complicated when at least one partner has been in a previous relationship, especially if there are children. In this case, the idea of "what's mine is yours, what's yours is mine" is often not acceptable. You may feel a real need to protect both your children and the assets you brought into the relationship. And there's often a concern that the relationship may not last forever. Having been through one split, there's a desire to make a future split easier, at least financially.

Most couples want their finances to be joint to some extent. It shows a commitment to your partner. It says you're willing to share a very precious commodity, your money. But how do you put your financial house together and still acknowledge your fears? How should all those monthly expenses be handled? What if one spouse makes more than the other or spends more frivolously than the other?

Here's one method I've found useful for my clients. Following these steps will set up a rational system for what is a very emotional subject: how we spend our money.



Start by taking each spouse's gross income and deducting the amounts over which they have no control (taxes, FICA, Medicare, garnished wages, child support, etc.). Don't adjust yet for deductions for which you opt in, such as health care or other insurance deductions, 401k contributions, etc. What's left over is the amount of **cash available to save or spend**.

Once you know this amount, start with one of the most important decisions of your combined financial lives: agree on a percentage each person will contribute toward long-term savings.

Then each partner makes a list of all personal expenses, and the couple makes a list together of all joint expenses such as housing, utilities, food, and vacations.

Next, decide how you will split your household expenses. Will it be a fixed percentage of cash available, or will you each have the same amount for personal spending? You may need to make an adjustment if one spouse has health-care or other family-oriented deductions coming out of his or her paycheck.

Open a joint checking account (and a joint debit or credit card) for joint expenses. Any extraordinary expense paid from this account

should be agreed on beforehand. This policy prevents an argument if, for example, she proudly shows him the new curtains designed to save money on heat or he shows her the new hydraulic lift to save money on vehicle oil changes.

Consider setting aside some money for a Joint Rainy Day Fund. Whatever is left from each check can go into separate personal accounts for your individual spending. You do not have to justify spending from these accounts to the other partner.

The key to making this all work is open and frequent communication about how you're feeling about your money management system. Talk about your family's history with money. That can often explain a lot about your feelings that might seem confusing (or even irrational) to your partner. What's your money personality? That, too, can help explain conflicting views. If you have problems you can't work out, find a therapist who can teach you how to talk about money matters.

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- 2 Do's & Don'ts of Passing Down Vacation Property
- 3 Five Awful Investments
- 4 Money-Smart Steps for Recent Widows

See **MAKING JOINT FINANCES** . . . (continued on page 2)



FAMILY FINANCIAL STRATEGIES

THE DO'S and DON'TS of PASSING DOWN VACATION PROPERTY to FAMILY

by Karen F. Folk, PhD, CFP® Urbana, IL

A family vacation home is both a place of fun and memories and a refuge for generations of friends and relatives. But when the original owners die, it's not uncommon for family members to go to war over visitation rights and ownership of the property.

Including any vacation property in your estate planning is critical. Your cherished vacation home can mean significant discord when some family members want to sell and others want to keep the property. Siblings may not have the cash to buy other family members out. That's why it's important to consult your financial advisor and other experts to create a workable inheritance plan. Here are some suggestions:

Do a market analysis: How valuable is the family vacation home, anyway? Before you talk to any of your heirs, consider paying for one or two certified real estate appraisals of the property. Knowing future maintenance costs is worthwhile too. If the home is in significant need of repairs or updating, get estimates and decide whether you want to do those now or if heirs want to make that investment later.

Discuss scenarios with your team of experts: Talk through the sale or succession issues involved in deciding what to do with the vacation property with your financial advisor, including any tax consequences. This will give you something to think about so you'll have more to discuss when you bring it up with your heirs.

Discuss family feelings about the property before you solidify your plans: You can start by casually sitting down with individual family members to gauge their interest in keeping the property. You may find that the children you were certain would want to keep the property want to sell it or vice

versa. This is one emotional investment issue, so it makes sense to take time to feel out all family members, particularly if children from previous marriages are involved. Eventually those conversations can result in a more formal meeting when it's time to start making decisions.

Start developing the plan: If certain children want out of the ownership plan, decide how they might be compensated for their share. You might offer a buyout sum to children in the form of a gift over several years while you're alive so surviving heirs don't have to pony up after you die. Using the appraisal, decide what a sensible buyout price is ahead of time. Because it won't include traditional selling costs, family members might be able to buy the property at a discount.



Consider different ownership structures: Older family members who want to keep the vacation home in the family might consider a limited liability company (LLC) as an ownership vehicle. LLCs can offer lawsuit protection, keep the property in the family, and help you set up a structure for ownership, maintenance, and governance issues that will stay in place long after you're gone. Again, consult financial, tax, and estate experts.

Have some fun: Don't let the process of discussing future ownership detract from the property's original purpose—to keep family together and to create good memories. Once decisions are made, have one last big gathering there so everyone can either say goodbye to the place or solidify their plans for the next generation of family gatherings. ■ ■ ■

This article was adapted from a column by the Financial Planning Association.

MAKING YOUR JOINT FINANCES WORK

(continued from page 1)

Once you've learned how to communicate about money, remember to allow for fine tuning. Sit down once a month for a "board meeting" to go over your system. Discuss what's working, what's not, and why, and make adjustments as needed. If you need to postpone a meeting, set a new time, but don't cancel it—it's too important to skip. Many couples

find that after they work out the details, they can move to a quarterly board meeting instead of every month.

It's often a challenge to combine finances that you're used to running separately. But like anything else, with patience and goodwill you can learn how to make your joint finances work. ■ ■ ■



FIVE AWFUL INVESTMENTS

by Bert Whitehead, MBA, JD Franklin, MI



Time-shares

This preposterous “investment” is based on the doubtful proposition that a \$117,000 condo is really worth \$585,000 because 50 chumps can be convinced to rent it one week a year for the rest of their natural lives. They pay most of the rent (totaling \$11,700) in advance while the rest is annually disguised as maintenance fees.

(Hint: If after reading this, you still can't help yourself and simply must buy a time-share, buy it on the secondary market. Or a better hint: Put your \$11,700 in a well-balanced investment portfolio. Each year use the accrued earnings to rent a time-share anywhere in the world. Then go job hunting while you're there and write it off!)



Lottery Tickets

Lotteries were designed as a patriotic way to entice poor people into voluntarily returning their checks to the state coffers. Assuming a tax bracket of 33% and an annual present value of money at 8% instead of a return of 50 cents for every dollar bet, you actually “win” slightly less than 17 cents. This is not attractive, even compared to roulette tables in Las Vegas where they pay 95 cents for each dollar bet.



Life Insurance Investments

These quaint arrangements were popular and considered by some to be relatively competitive in the Fabulous '50s. Then your only alternatives were U.S. savings bonds (which your elders still called “war bonds”), paying 4%, and savings accounts that aggressively paid 4.5%. Pseudo tycoons had Christmas Club accounts, a scam whereby you gave money to the bank every week and then they gave it back to you at the end of the year. No interest, but no service charge either. Bank savings accounts today pay virtually no interest, which is dwarfed by service charges if you don't have very much money and just let it sit there. The service charge compensates the tellers who take your money out for a walk every month until it all evaporates.

Life insurance “investments” are variously called whole life, variable life, universal life, permanent life,

and so on. They sport many supposed advantages, none of which are exclusive to this investment vehicle. Despite reams of projections and lengthy enthusiastic explanations, these investments are bereft of SEC scrutiny, and the investor thus usually is at the mercy of inscrutable policy language as explained by a hyper-kinetic salesperson with a snappy patter but no prospectus to evaluate risk or disclose the sales commission. Moreover, these are inevitably touted as “long-term investments.” Long-term investments in financial lingo refers to generally inferior investments that are impossible to fully understand on which salespeople earn very large commissions.

(Hint: Continue to ask your insurance person (A) exactly how much commission is paid for selling this to you, and (B) exactly how much of your money you get back if you bail out after two years. If you can get a straight answer, you will be amazed that the amount of money you will lose under B is uncannily close to the amount disclosed under A.)



Any Investment Sold Over the Phone

Legitimate investments are never sold over the phone. Period. If their investment was as good as they say it is they wouldn't be spending their time talking to strangers like you on the telephone. Actually, we encourage clients never to buy anything over the phone because of the increased exposure to fraud. And also because it only encourages even more unsolicited telephone intrusions.



Any Investment Someone Comes to Your House to Sell You

If you think it through, anytime someone comes out to see you, at your convenience, in the comfort of your own home, and you are under no obligation, you are going to get a very high-pressure sales pitch for something you probably never before considered buying, at an outrageous price. The sales commission on these arrangements is usually 25 to 50% of your investment. ■ ■ ■

** This article was originally written 20 years ago. Interest rates have changed, but the scams remain the same.*



MONEY-SMART STEPS FOR RECENT WIDOWS

by Kathleen M. Rehl, PhD, CFP® Land O'Lakes, FL

The death of her husband is possibly the most devastating event a woman will ever experience. She may wonder, "Am I going to be able to make it on my own?" Perhaps she feels overwhelmed and doesn't know what to do next.

Widows are one of the fastest growing demographic groups:

- There are about 12 million widows in our country today
- The average age of widowhood is 56
- More than a quarter of women age 55 and older are widows; half of married women are widowed by age 65, and that increases to almost two thirds at 75+
- 80% of baby boomer wives (born 1947 to 1964) will experience widowhood
- On average, only 7 of 100 widows remarry
- Most widows experience financial decline

My husband, best friend, soulmate, and business partner died of cancer in 2007. I felt like half of me was ripped off and thrown away at Tom's death. Life changed dramatically. Yes, friends and family were there to support me, but my darling was gone forever.

During the first week after Tom's death, I functioned in a daze. I cried a lot. Sleep was fitful at best. I couldn't figure out which side of the bed to sleep on without his strong arms around me. I woke in the middle of many nights, certain his death was a dream. But the truth always crashed in. My dear husband would never walk through our front door again. I couldn't eat. I couldn't concentrate. Where did I put my keys?

New widows often feel adrift and insecure. Some women describe this time as "being in a fog." This is quite normal. A widow may experience these and other emotions during her grief and mourning:

*numb . . . lost . . . emotionally drained . . .
abandoned . . . paralyzed . . . lonely . . .
fragile . . . angry . . . weak . . . aimless . . .
forgetful . . . helpless . . . frightened . . .
overwhelmed . . . disconnected . . . vulnerable
relieved . . . pained . . . guilty*

Even though life seems chaotic, a new widow will need to start working on important actions after the funeral or memorial period. Because of this article's limited space, the checklist here is only a summary of some items needing attention. (A more complete listing is available from your ACA planner.)

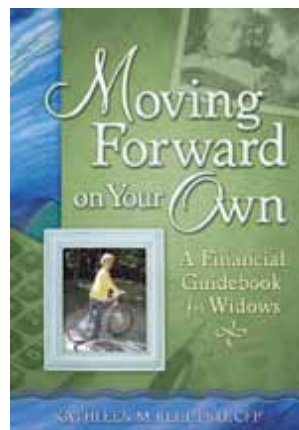
- ✓ **Begin to organize information**
- ✓ **Work with an attorney and tax preparer**
- ✓ **Review cash flow and liquidity needs**
- ✓ **Collect benefits**
- ✓ **Adjust health and other insurance coverage**
- ✓ **Review assets and liabilities**
- ✓ **Complete the estate settlement**
- ✓ **Take care of yourself**
- ✓ **In the future, move forward with new goals and your new life**
- ✓ **Postpone major decisions during the first year when possible!**



This article is written for recent widows or those anticipating widowhood in the near future . . . or those with a friend or family member whose husband has passed on. In a future article, you'll learn how to avoid big mistakes made by some widows in transition. Especially during the early phases of widowhood, women are so very vulnerable and may be easily taken advantage of.

Kathleen M. Rehl's world changed forever when her husband and business partner died of cancer in 2007. Then five weeks later her widowed mother also passed. It was from her personal grief experiences that Kathleen's life purpose evolved: helping other widows to

be more self-confident, knowledgeable, and secure about their money matters. She is passionate about empowering her "widowed sisters" to take control. Her loss motivated Kathleen to publish *Moving Forward on Your Own: A Financial Guidebook for Widows*.



To further assist widows with their financial matters, Dr. Rehl partnered with her fellow ACA members to develop a network of qualified, ethical, fee-only

financial planners who work with widows. To access this network, go to <http://acaplanners.org/widows-guidebook/advisors.aspx>. Copies of the guidebook can be ordered through this link: <http://acaplanners.org/widowsguidebook.aspx>.