

# KOSS | OLINGER PRIVATE WEALTH MANAGEMENT

B R I E F I N G S

JULY - AUGUST 2010

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elcome to Koss Olinger's Wealth Management Briefings. In each issue, we will try to bring you interesting information, book

reviews and other pertinent articles to try to keep you up to date on developments in our Wealth Management strategies that may benefit you and your family.

## ADVISOR BOOK CORNER



The Genius in All of US  
by David Shenk

The premise of this book is based on emerging scientific evidence that we are not simply born with certain gifts, or lack thereof. We can all achieve true greatness with the proper training. According to this book, all talent and success is the product of the buildup of skills which we all can learn and achieve.

According to Shenk, no one is genetically destined for mediocrity; biology does not determine intelligence. Instead, "intelligence" is the result of years of dedication and training. He also hypothesizes there are no exceptional people, only people that work harder than others to develop their talents.

Personally, I find this book controversial, and not necessarily in a good way. It over generalizes, is completely one-sided and presents things that are subjective as fact. In a way, it belittles individuality and is essentially the same old ideas about nature vs. nurture (heavily weighted toward nurture) packaged in a different way.

That being said, I do think there is meaning to be found by reading this book. While we may not all agree on Shenk's scientific and psychological views, I think that we can all agree on the value of hard work.

There is value in exerting effort and trying



## BY THE NUMBERS

- Foreigners bought a net \$223.5 billion of US stocks and bonds in March and April 2010 (i.e., the difference between the amount that foreigners bought in American securities vs. the amount that Americans bought in foreign securities), the 2nd largest back-to-back monthly total ever recorded. This record amount may suggest confidence in the US economy by foreign investors. The government has tracked this data since May 1978 (source: Treasury Department)
- Only 3 US states (Florida, New York and Washington) have fully funded defined benefit pension plans for its state government workers. The largest unfunded pension liabilities exist in California and Illinois (source: The Pew Center on States).
- The second half of the year (i.e., July-December) has outperformed the first half of the year (i.e., January-June) for the S&P 500 on a total return basis during 7 of the last 10 years (source: BTN Research).
- The actual profits of the companies in the S&P 500 during the 2nd quarter 2010 (i.e., the 3 months of April-May-June) are projected to be +14% higher than they were during the 2nd quarter 2009 (source: S&P).
- If you had invested \$100,000 on 1/01/80 (in a pre-tax account) and split the money 70/30 between stocks (S&P 500) and bonds (Barclays Aggregate Bond Index) and never rebalanced, the total would have been \$2.08 million (before-tax) after 30 years (1/01/10). If you rebalanced back to a 70/30 split at the end of each year, the final accumulation would be \$2.20 million (before-tax). The Barclays Aggregate bond index, calculated using 6,000 publicly traded government and corporate bonds with an average maturity of 10 years, was used as the bond measurement (source: BTN Research).
- The productivity of the average American worker over the 10-years ending 12/31/09 is up +31.2% or +2.75% per year. That means the workload that would have taken an average employee 40 hours to complete in 1999 in a single week can now be done in 30 ½ hours (source: Department of Labor).
- ESPN and ABC estimated that an average of 400 million soccer fans watched each of the 64 games during the 2010 World Cup, a total of 26 billion viewers over the month long tournament. By comparison, 106.5 million people watched the Super Bowl in February 2010, an all-time record for NFL football (source: ESPN, Nielsen).
- The FDIC deposit insurance amount has increased from \$2,500 in 1934 to \$250,000 today. The total is per depositor, per insured bank (source: Federal Deposit Insurance Corporation).
- More than twice as many Americans (48% of our nation's 309 million population) live in the Eastern Time Zone as compared to the combined population of Americans (23% of the nation) that live in the Pacific Time Zone and the Mountain Time Zone (source: Census Bureau).
- US banks are expected to earn \$35.2 billion in overdraft fees in calendar year 2010, an average of \$96.4 million per day. Overdraft fees are separate from credit card penalties which totaled approximately \$20 billion last year (source: Moebs Services)
- Americans are expected to spend \$1.6 billion a day at restaurants and bars in 2010 (source: National Restaurant Association).

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future results.

our best, whether that comes in the form of achieving a specific goal or simply the personal satisfaction attained by knowing that you gave something your all. This book should inspire us to think about our true limits, and how we probably have not yet even come close to reaching them, genetics and innate ability aside. It should inspire us to focus on our strengths, and feed our drive and passion for the things we can become great at. It should inspire us to be better people.

So, take the "facts" with a grain of salt, and gather inspiration from the reality that with dedication and perseverance we can do more than we ever dreamed possible.

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## Protecting the Family with Life Insurance

By Kate Turner | July 4, 2010

Does it seem funny to you that there are certain things we are not supposed to discuss with one another at cocktail parties or at a holiday get together? Many folks get rather testy when discussing faith, or political views, or even opinions on how to live a life. Ending of life is not discussed much, either, but perhaps it should be. It is time to talk about life insurance with your family.

The truth of the matter is that nobody does want to talk much about what will happen when they die. The strange thing about this aversion is that we will all certainly die some day. So does it not make sense to discuss it while we are still able to do so rationally? That rational thinking is what a good policy is all about.

Getting coverage is, first and foremost, vital if you are a parent or a spouse. This is even more so when you are the wage earner for your family. If you happen to leave them too early they will not only have to face that fact that you are gone from their lives, but they will also have to suffer the fact that the income you earn will be missing, too.

The first issue at hand will be what to do with the remains. Some cultures prefer elaborate burial ceremonies, some a discrete cremation, and others something else, but they all have one thing in common. These processes can cost quite a bit to perform. You can set up the contingency funds to take care of this well before your time has come.

Looking even beyond that immediate need, you can think in terms of trust funds for far reaching gains. If you would like to insure the future of your family through education or

business investment, this is the perfect way to do so. You can set up funds for specific needs, and they will be sure to get to the right place at the right time.

A solid policy can also be used to procure needed funds while you are still alive. Some policies can be used as collateral for loans and the like, as the payoff will be guaranteed in the future. It is an interesting way to finance over time, but it is often done with the proper systems.

The bottom line, and the biggest boon, of a good solid life insurance plan is that you can still be providing for your family after you have left them. Any good parent or spouse wants to protect the well being of the ones that they love, and this is a good way to do so. Do not put off discussing this difficult subject any longer.



Koss Olinger is a Multi-Generational Wealth Management Firm made up of a team of Partners with over 150 years of combined experience. By blending our proven process, The Wealth Navigator System™, with a back-office staff that is entirely client-centered, we are able to provide exceptional results on a national level along with the personal attention that a firm owned by its Partners can provide.



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## The TOLI Solution™

*“Aiding trustees to manage performance, document results, and minimize the liabilities they face with Trust Owned Life Insurance.”*

Trust owned life insurance, or TOLI, is life insurance that resides inside a trust. TOLI policies are used by many individuals as the cornerstone of their estate plan. They enable the trust to provide for survivors, cover estate tax liability, balance inheritances among heirs and meet charitable objectives. Trusts set up for the purpose of owning life insurance usually have attorneys or accountants as the trustees.

Every grantor with a TOLI needs to have an actively managed, dynamic review process. The trustee should have a documented process for TOLI reviews. It is estimated that only 4.7% of TOLI policies have current reviews. Changes in your estate planning needs, the size of your estate, new developments in insurance products, and changes in tax legislation can all mean that your life insurance plan is no longer effective and may even cause liability to your estate. Many once stable policies are now in danger of not achieving the desired results, and may place the overall estate plan in jeopardy.

The TOLI Expert System™ is a five step, fee based planning process. It is centered on assessment, clarification, underwriting, market analysis and a customized long term review process which will optimize your trust owned life insurance, and provide clear and concise solutions that meet your estate planning needs. This system provides a pro-active solution derived from specialists in Trust Owned Life Insurance and will help you determine whether your existing insurance is optimized or needs to be changed to reach the best possible outcome.

*A recommendation from a client is a tremendous compliment and a huge responsibility and can never be taken lightly.*

*-Anonymous*

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