

Financial *notes*

INSIGHTS TO ORCHESTRATE FINANCIAL INDEPENDENCE

FROM THE OFFICE OF DR. SCOTT STRATTON, CERTIFIED FINANCIAL PLANNER (TM)

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Dear Scott,

High volatility continued in March, but thankfully, last month the move was to the upside. From a low of 666 on March 6, the S&P 500 index rose nearly 20% to end the month at 797. While this has been a remarkable rally, we are still down from 903 on the S&P 500, year to date.

We kickoff "earnings season" this week as companies start to report their first quarter results. The expectations are very low, but the key will be how the market reacts to weak earnings. The market hates uncertainty, but the good news is that there are fewer unknowns today than three months ago. As much as we'd love to see the March rally continue, investors should be cautious about changing course based on short-term moves in the market.

Inside the Stimulus Bill

Important benefits for individual taxpayers.

The American Recovery and Reinvestment Act of 2009 is best known for its spending programs designed to stimulate the economy. However, there are a number of important provisions that will help individual taxpayers. Here are several important changes:



- [COBRA assistance](#). For workers who are laid off between September 1, 2008 and December 31, 2009, the government will now pay 65% of your health insurance premiums under COBRA. If you did not elect COBRA, you are given an additional 60-day window to keep your coverage. The assistance is restricted to individuals with income under \$125,000 and families under \$250,000.

- The ["Making Work Pay" tax credit](#) adjusts tax withholding formulas for 2009 and 2010, to allow individuals to reduce their tax bill by \$400 (\$800 joint). There is a phaseout of this benefit for incomes between \$75,000 and \$95,000 (\$150,000 to \$190,000 joint). Because employers do not know about your spouse's income,

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The best compliment you can give me is the referral of a friend or family member!

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THIS MONTH, SCOTT IS...

If you attend a Dallas Symphony concert this month, be sure to pick up a copy of the Playbill. There is a three-page interview with my wife, [Erin Hannigan](#), describing her instrument, the oboe.

or about other jobs, it is possible that your employer could withhold too little, assuming that you qualify for the credit. If you or your spouse have other income, be sure to review your withholding to make sure you do not get hit with a tax surprise next April.



- Social Security Recipients will receive a [tax-free payment of \\$250](#) in 2009. Retired government workers who are not covered by Social Security may claim a \$250 tax credit on their 2009 tax returns.

- The "[American Opportunity Tax Credit](#)" replaces the Hope credit for 2009 and 2010. It provides up to \$2500 in tax credits for college expenses. Unlike the Hope credit, the American Opportunity credit applies to all four years of college. There is an income phaseout for eligibility: \$80,000 to \$90,000 for single filers, or \$160,000 to \$180,000 for joint filers.

Other provisions include a first-time homebuyer credit of \$8000, tax credits for energy efficient improvements to your home, sales tax deductions on a new car purchase, and increased loan limits for reverse mortgages. Information on the act can be found on the government website, recovery.gov.

Value Your Money

If there is any positive effect from this downturn, it is that many Americans are rethinking their spending and borrowing habits. We've had many clients ask questions about budgeting, saving, and paying down debts. A good resource for tools and advice to improve your spending and saving habits is the Texas Society of CPAs' web site, valueyourmoney.org.

The Texas Guaranty Association

With all the negative news about insurance companies today, policy holders are understandably concerned about the safety of their insurance contracts. While there have been no failures of large insurers this year, many clients wonder what would happen if their insurance company became insolvent.



Since 1973, citizens of Texas have been protected by the Texas Life, Accident, Health & Hospital Service Insurance Guaranty

Association. The Texas Guaranty Association is a non-profit entity created by the Texas Legislature to protect resident policyholders if an insurance company is unable to pay its claims.

When an insurer fails, it goes into receivership with the State Insurance Commissioner. The role of the receiver is to pay covered claims directly or transfer the policies to a financially strong insurance company. A transfer would result in no change in benefits or cost to the insured, and would provide continued and uninterrupted coverage.

In the event that the insurance regulators are unable to transfer your policy to another carrier, the Texas Guaranty Association will cover your policy, albeit with dollar limits. Please note that these amounts are per person, and does not cover non-guaranteed investments in variable life or variable annuities.

The coverage limits are:

Life Insurance Death Benefit, \$300,000 per insured life

Life Insurance Cash Surrender, \$100,000 per insured life

Annuity Benefits, \$100,000 per insured life

For full information on their coverage, please visit their web site at txlifega.org. The association makes assessments against all insurers licensed to do business in Texas. If you live in another state, you can look up your state association through the National Organization of Life & Health Guaranty Associations, NOLHGA.

This information is provided to policy holders for educational purposes only and is not intended for the purpose of sales, solicitation, or inducement to purchase any form of insurance.

Diligence is the mother of good luck.

BENJAMIN FRANKLIN

As always, please feel free to call me anytime with any questions or concerns. I'm here to help! Thank you for your business.

Sincerely,

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