

What's In The 2nd Quarter Newsletter

INVESTMENT

Mid Year Letter From Brad - Page 2 & 3

In times of crisis we are all tested. When our “institutions” (whether public or private) have seemed to fail or at least disorient our expectations, we all look for security and confidence.

RISK

Living Care Annuity - Page 3

Mutual of Omaha has released their new “Living Care Annuity”. This could be an alternative for those who wish to self-fund potential ongoing assisted living or long term care needs.

TAX

Cash For Clunkers - Page 4 & 5

Thinking of buying a new car? On June 24, 2009, President Obama signed into law the Consumer Assistance to Recycle and Save (CARS) Act of 2009.

LEGAL

Raising Money Savvy Kids - Page 5-7

Many parents and grandparents want to make sure that the younger generation in their family grows up to be financially savvy, but they have no real strategy to accomplish this.

Mid Year Letter From Brad:

In times of crisis we are all tested. When our “institutions” (whether public or private) have seemed to fail or at least disorient our expectations, we all look for security and confidence.

Your team at The Johnston Group family office has worked diligently to stay focused on what is most important to you since this market sell-off and economic recession hit full stride last fall.

In our reflections on these past 6-9 months, and our collective experience of working with individuals and families since 1977, we have reviewed our value proposition, promise and methods. We intend to give you effective leadership and direction. Over the next few months and years we will be focused on clear communications and accurate analysis rendered from conversations with you and delivered through our unique process.

Below is a list of those methods we go through to serve your needs and are the foundation of our advisory process.

Our methods manifest within five articulate areas:

- *The Personal Strategy Map™*
- *The Comfort Compass™*
- *The Investment Policy Guideline™*
- *The Future Focus Guide™*
- *The Wealthcare Snapshot™*

Elaboration and content within each of the above flows from our continuous methods focused around you and/or your family.

Your very personal and important outcomes are identified and managed through the following architecture of your decisions and goals found in:

- | | | |
|------------|------------------|-----------------|
| 1. Mission | 5. Cash Flow | 9. Strengths |
| 2. Vision | 6. Alignment | 10. Expertise |
| 3. Values | 7. Opportunities | 11. Supervision |
| 4. Assets | 8. Dangers | 12. Reporting |

Mid Year Letter From Brad: (cont.)

In upcoming conversations we will elaborate with you on these steps and their personal application.

Thank you for your business and association with us. We value each client and remain committed to our value proposition of your personal comfort, convenience and piece of mind.

Living Care Annuity

Mutual of Omaha has released their new “Living Care Annuity”. This could be an alternative for those who wish to self-fund potential ongoing assisted living or long term care needs.

The “Living Care Annuity” provides the ability for you to maintain control of your money with the option of converting to a multiplier of up to three times your investment that provides tax-free reimbursement for long term care expense. This plan gives those who want it, an option of a bucket of money for long term care, while maintaining control of their dollars up until the time it is needed in a secured tax-deferred investment. Please call Brad to discuss if this could be an alternative for you.

Cash for Clunkers

Thinking of buying a new car? On June 24, 2009, President Obama signed into law the Consumer Assistance to Recycle and Save (CARS) Act of 2009.

The legislation creates a new program, commonly referred to as “Cash for Clunkers.” The National Highway Traffic Safety Administration (NHTSA), though, refers to the program as the Car Allowance Rebate System. The program provides \$3,500 or \$4,500 vouchers that can be used toward the purchase or lease of a fuel-efficient new vehicle (new vehicle leases must be for a period of at least 5 years to qualify, however) when you trade in an old “gas-guzzler.”

To qualify for the program:

- You must purchase or lease a new vehicle between July 1, 2009 and November 1, 2009.
- You must trade in a vehicle that is in drivable condition, was manufactured after 1984, and was continuously owned and insured by you for at least one year at the time of the trade. The vehicle must have a combined fuel economy value of 18 miles per gallon (mpg) or less. (For help in understanding and determining combined fuel economy, see the government website www.cars.gov.)
- The new vehicle that you purchase or lease must retail for less than \$45,000 and have a combined fuel economy value of at least 22 mpg for automobiles (18 mpg for certain SUVs, minivans, and light pickup trucks weighing under 6,000 pounds).

You're eligible for a \$3,500 voucher if the new vehicle is at least 4 mpg more efficient than the eligible trade-in (if the new vehicle is an SUV, minivan, or light pickup truck, it generally needs to be only 2 mpg more efficient than the eligible trade-in vehicle). You're eligible for a \$4,500 voucher if the new vehicle is at least 10 mpg more efficient than the eligible trade-in (if the new vehicle is an SUV, minivan, or light pickup truck, you generally qualify for the \$4,500 amount if the new vehicle is 5 mpg more efficient than the eligible trade-in vehicle).

Vouchers are paid directly to the dealer. Since the dealer must destroy the vehicle you trade in, you won't get any trade-in value beyond the amount of the voucher. As a result, if you intend to trade in a vehicle that's worth more than the amount of the voucher you're entitled to, you will not benefit from the program.

Add up the incentives – It's important to remember that The American Recovery and Reinvestment Act of 2009 allows for the deduction of state sales tax on the purchase of new vehicles. In addition, car buyers can also receive an additional tax credit of up to \$3,000 for purchasing a qualified hybrid vehicle. Together with Cash for Clunkers, these three incentives may make car buying an attractive option in a struggling automobile market.

Raising Money Savvy Kids

Many parents and grandparents want to make sure that the younger generation in their family grows up to be financially savvy, but they have no real strategy to accomplish this. Just as children need exposure to understand the world and to develop their social and academic abilities, they also need exposure to money management. Involving your children in their own finances now will help to set the values and habits they will most likely follow as adults. While each family has to determine what is appropriate, here are some general principles that are helpful in raising money-savvy kids:

First, share as much as possible about your family's personal financial values and important goals. How did you acquire your family's wealth and income and how do you see it being used in the future? What goals are you saving towards? What is important to you about sharing your wealth?

One way to convey your values and start a discussion with your kids is to have open ended questions for a family meeting, the dinner table or a ride in the car. Questions that can launch a discussion include:

Raising Money Savvy Kids (cont.)

- What is your most valued possession? How did you get it?
- If you inherited \$X, what would you do with it?
- How does sharing your money with others make you feel?
- What important goals should the family be saving for?
- What charitable cause are you passionate about?

Involve your children in the family finances and how the household works. You may or may not want to share actual dollar amounts of income or certain expenses, but including your kids in the day to day workings of your family financial matters will open their eyes to how your family actually gets a house, car, groceries and heat.

Do you pay your bills online or do you still write checks every month? Let your children see how you pay bills and what steps it takes to keep the household running.

Even a parent's weaknesses and mistakes can be learning opportunities for their children. Share a story about one of your financial blunders, such as buying something that you never used or investing in something that you didn't understand. Your negative example can be turned into a positive lesson for your children.

The best way for children of any age to get experience with finances is to give them real responsibility handling money. As with any skill, children cannot learn how to be responsible with money without some practice. As early as children are ready, give them a budget that they can use.

- With young children, they can handle the money that is spent on games, toys and entertainment. Having to save in order to buy something that they want teaches invaluable lessons. Learning to avoid impulse buying by waiting one or two weeks before making a big purchase is one habit only learned through experience.
- In their teen years children can take on their own clothing and cell phone budget. By the time children are teenagers, the budget categories that they spend their money on should expand to include savings and investments.

Raising Money Savvy Kids (cont.)

Finally, involve your children in the family's generosity. Include them in the family conversation about what charities to contribute to and discuss what good is done by those organizations. Allocate a portion of the family charity budget for them to learn generosity by choosing the organizations they want to support.

Although it may seem at times that there is a growing chasm between you and your kids, parents like you still hold a lot of influence. Using it to teach your kids effective money management is a gift that will last a lifetime.