

“Let us have faith
that right makes might,
and in that faith let us to the end
dare to do our duty as we understand it.”

“It's getting harder and harder to support the government in the manner in which it has been accustomed!” ~ Anonymous ~

Let's Go Back To Anytown, USA, circa 1953!

This month's column is going to deal with something that we feel very strongly about...yet conflicts with what the government tells us about this subject. (Big surprise, huh? I'll be you NEVER would have guessed that we don't agree with the politicians about financial matters!)

Anyway, what's this issue? Well, it's just the strong belief we have that INFLATION HAS NOT BEEN LICKED FOR THE LONG TERM!

Here's the deal. If you listen to the government folks, they'd like you to believe that inflation isn't a big financial problem any more. That they've got inflation under control, so we don't have to worry about it or factor it in to our financial planning.

Well, I think this blatant deception needs to be exposed and shattered! Why? Well, let's look at reality...as opposed to the numbers created by government accountants.

See, right now, according to the United States Department of Labor, during the first 11 months of 2002, (the most recent figures we can get as of this publishing date) the Consumer Price Index (CPI) rose at a 2.6 percent annual rate. This compares with an increase of 1.6 percent for the CPI for 2001.

Here's where we get into problems with how the government reports inflation to us. They use the CPI to “tell” the public what “inflation” was for the previous period. But...the CPI is only a measure of a tiny portion of the things we have to buy!

It IS NOT representative of inflation at large, yet it is the statistic they use to calculate important things like how much to increase Social Security payments to seniors, for example.

But, in their own government reports, they candidly admit that the inflation index for energy, increased at a 12.5 percent in the first 11 months

of 2002! And get this. Petroleum-based energy costs increased at a 28.2 percent annual rate! So much for “inflation being under control”. In other words, inflation was only a little under 3% for 2002...as long as you don't have to use gasoline or electricity! This CPI index is a sick joke.

All you have to do is walk into a drug store and go refill a name brand prescription, or walk into a car dealership, or place a loved one in a nursing home, or send a kid to college...to see how bad the REAL rate of inflation is!

This under-reporting of inflation has been going on for too long. You have to understand that inflation is very likely to be with us for our expected lifetimes. You HAVE TO include inflation in your financial planning...regardless of how the government downplays the problem!

Now here's an interesting fact. “Inflation” is not the *cause* of rising prices. It is the *effect* of pumping more money in the economy than the economy would naturally have! Here's the deal. Inflation is the reduction in purchasing power caused by the higher prices. Your money is worth less, because prices are higher. And, prices go higher because the government prints money out of thin air, puts it into the economy...forcing prices to go up to compensate for more money circulating around the same amount of goods and services. Inflation is the *result* of the government's printing money. It's not our fault.

Why does the government pump newly printed money into the economy? Because if they don't, too much of the economy would tank, so they artificially keep things going by printing cash. But, the side-effect of their printing money is the drastic increase in prices. It's been going on since the early 20th Century,

and continues to this very day. As a politician once said, “the objective is to pluck the geese in such a manner as to obtain the greatest number of feathers with the least amount of hissing”.

One way you can really tell that inflation has been a huge factor is to take a walk back into the past. Let’s pretend a time machine can plop us down right in downtown Anytown, USA and it’s February, 1953. Let’s walk into the barber shop, the dress shop, the drug store/soda fountain to hear what people are complaining about regarding the economy and their money:

- “I’ll tell you one thing, if things keep going the way they are, it’s going to be impossible to buy a week’s groceries for \$20.”
- “Have you seen the new cars coming out next year? It won’t be long before \$2,000 will only buy a used one.”
- “If cigarettes keep going up in price, I’m going to quit. A quarter a pack is ridiculous.”
- “Did you hear the post office is thinking about charging a dime just to mail a letter?”
- “If they raise the minimum wage to \$1, nobody will be able to hire outside help at the store.”
- “When I first started driving, who would have thought gas would some day cost 29 cents a gallon. Guess we’d be better off leaving the car in the garage.”
- “Did you see where some baseball player just signed a contract for \$75,000 a year just to play ball? It wouldn’t surprise me if some day they’ll be making more than the president.”
- “It’s too bad things are so tough nowadays. I see where a few married women are having to work to make ends meet. It won’t be long before young couples are going to have to hire someone to watch their kids so they can both work.”
- “Thank goodness I won’t live to see the day when the government takes half our income in taxes. I sometimes wonder if we are electing the best people to Congress.”
- “There is no sense going to Lincoln or Omaha anymore for a weekend. It costs nearly \$15 a night to stay in a hotel.”
- “No one can afford to be sick any more; \$35 a day in the hospital is too rich for my blood.”
- “If they think I’ll pay 50 cents for a haircut, forget it.”

Sound familiar? Did any of you, or your parents, or grandparents say stuff like this in 1953? You bet they did! Just like you would say the same things,

except plugging in different, much HIGHER dollar amounts! Just for the fun of it, go ahead and plug in your own numbers for the identical sentiments expressed here in our trip through time! Now think about what prices of things you buy now will cost 50 years from now! Will they experience the same incredible inflation as things have gone through from 1953 to 2003?

For example, if prices for cars keep going up at the same rate they’ve been averaging, a \$19,000 cost of a decent car today will cost, are you ready for this: *\$217,881 in 2053!* I know. I know. You’re saying, *“Hey, that’s ridiculous. How could a standard car cost \$217 grand? You’re insane. It can’t happen.”*

But...you have to keep in mind, that to the folks in Anytown in 1953...our \$19,000 car of our time would have sounded just as insane and preposterous to them. But...is \$19,000 for a new car real or not? (In fact, as you know, 19 grand doesn’t buy you a top end car. Imagine what a \$45,000 luxury car will cost in 50 years using the same real rate of inflation. Want to know? OK. I’ll tell you. The Lincoln will cost \$516, 033! Whady’a think the monthly payment on a five year loan will be on that baby?? \$17,486 a month at 8%. Sounds affordable, don’t you think?)

OK? What’s my point? It’s that as ridiculous as these numbers sound, they are based on the same reality we’ve experienced since World War I. And, if you want to deny the reality of inflation’s devastation on our financial security...you do so at your own peril! The ONLY answer is planning. Planning for yourself, planning for your family, both now and in the future is the only weapon you have to fight this eternal problem of inflation! If you haven’t started or reviewed **your** financial planning for 2003, DO IT NOW! Don’t delay. Call us up for a review, RIGHT NOW, while this is fresh on your mind. We’ll take care of the rest!

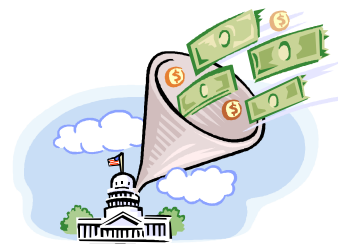
REMEMBER- WE WANT YOU TO CONTACT US WITH YOUR "HERE'S WHAT WE'RE THINKING ABOUT DOING QUESTIONS", NOT YOUR "GUESS WHAT WE JUST DID!" COMMENTS!

Financial Tip Of The Month... **Countdown To Tax Time!**

Avoid some tax-time stress. Use this advice from the editors of Money and their 8-week timetable ending April 15.

* On February 19: Find last year's tax return and this year's W-2s and 1099s. Buy new

tax



software if you make your return on a computer, or get an appointment with your accountant.

* On February 26: Get a Social Security number for a child born in 2001. You need it to claim dependent or child care credit. Call Social Security at 1-800-772-1213 or go to www.ssa.gov.

* On March 5: Gather information on your investments including the cost and selling price. Take credit in the cost basis for dividends reinvested automatically.

* On March 12: Know the deductions you are entitled to, such as student loan interest, Lifetime Learning and Hope education credits, adoption credits, child-care, and day camp credits.

* On March 19: Make contributions to IRAs, Keoghs, and SEPs. Now you are ready to see your accountant.

* On March 26: Consider any changes you want to make in your IRA and Roth retirement plans

* On April 1: Make the return or pick it up from your accountant.

* On April 8: Mail your return. If you file electronically, there's less chance for error. And if you get a refund, it could arrive within 2 weeks with electronic filing.

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, especially about how to reduce your income taxes...we'll be glad to help you!

SUCCESS STORY OF THE MONTH!

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

“There is only one success - to be able to spend your life in your own way.” ~ Christopher Morley ~

A Lawyer Who Has Himself For A Client Messes Up...

Bill died without a will, or any estate planning set up for his family. That fact, by itself, is not so unusual. Lots of people die without taking care of their family through proper planning. That's not the strange part of the story. The bizarre aspect of this story is that Bill was a *lawyer*! A very successful one at that. At least in his business.

He started as a clerk for a big firm in town, during W.W.II, and worked his way up to senior partner. He was known as a ruthless attorney, vigorously defending his clients, and mercilessly attacking his opponents. He had the reputation for being a fair, but tough boss. No detail was too small to pay attention to. Every stone had to be uncovered when researching a case. Nothing was ever left to chance.

But, Bill never seemed to apply the same sense of control to his personal life. He had been married three times. His first and third wife, were actually the same person! (They were working on their second divorce when Bill died.) He had been known to, well, let's say have some outside interests from his wives. He never bothered to hide things very well, and as a result, was always fighting battles in his home life.

Bill had three kids. One girl, two boys. The boys were born with his original wife, and the daughter, Lisa, was from the wife in the middle. The boys were always pushed hard by Bill to become attorneys. He wouldn't have it any other way. However, one boy joined the Air Force and is a mechanic stationed in Frankfurt, Germany, and the other son sells electrical appliances at a discount store in town. Needless to say, Bill was very displeased, and didn't have much to do with them.

Lisa, on the other hand, was always told by Bill, that she'd grow up to be someone's wife. He didn't want her to bother herself with all that college stuff, and education, and all those "boy things".

Her mom, and herself, resented Bill's blatant chauvinism, and Lisa pursued her own destiny.

She graduated from an Ivy League college, and attended one of the top law schools in the country. She immediately landed a low paying, but rewarding job as a public defender. This irritated Bill more than her taking charge of her own life. "Why would you have top honors from one of the best law schools in the country, and defend winos and prostitutes?", he was heard to say.

Lisa couldn't have cared less what Bill thought about anything. She had her own path to follow, and was not going to be deterred by his remarks.

Then, late last year, Bill passed away from a heart attack. He died suddenly, and left everyone in shock. First, because of his apparent health and unexpected demise; and second, because his financial situation was up for grabs. He had done nothing. No will. No trusts. The same crummy insurance policies and beneficiaries from 30 years ago. I mean a real mess.

Everyone in the family wanted different things to happen. Lisa didn't want anything, and didn't care what her dad left. Lisa's mom, however, felt entitled to something because she was married to him for over 20 years, most of those spent taking care of the home-front, while he became rich and powerful.

His current, (and first) wife wanted a lot. She felt she was entitled to everything. The two boys wanted their share, as well. What a mess! The lawsuits started flying in every direction. Suits. Countersuits. Claims. Counterclaims. Arguing. Fighting. It was a disgrace.

Lisa, on the other hand, stayed clear of the whole disaster. She had just been married herself, and had her first baby right before Bill passed away. The whole financial disaster her dad left behind got her wondering about her and her husband's finances. (He was also a lawyer.) They decided to hire us to look at everything, and see what they should have been doing.

Well, we found out some very interesting news. The couple was overpaying their income taxes, which could easily be reduced. Big time. They were also losing money on their investments. Big time. They also had some awful life insurance that not only was about three times too expensive...it provided for less than 20% of the needs they had for insurance! Especially since having the baby! (For example, we showed them that by filling out a simple piece of paper, they will save \$5,215 in taxes! A piece of paper their tax advisor never bothered to tell them about, by the way!)

But you know what, the most interesting thing that happened was that Lisa and her husband finally woke up themselves, and got a will and trust arrangement set up by an attorney who is on our team of advisors. (It IS unethical and dumb for an attorney to provide their own legal advice. Witness Bill and the financial nightmare he left his family to clean up.)

The lawyer we referred them to had them arrange protection for educational funds for their baby, establish an inter vivos trust to eliminate probate, and, several strategies to save estate taxes and legal fees upon their own deaths.

Plus, they had the comfort of knowing their daughter and any other kids they might bring into the world would be taken care of financially, as well raised as by the people they wanted the kids to grow up with! (Which, not surprisingly, didn't come from Lisa's side of the family.)

What a relief! If they hadn't come to see us for their tax, investment and financial planning advice, the couple would have probably been in as bad of shape financially as Bill was.

Lisa knew better. She MADE SURE she and her young family were not going to be messed up when it comes to money. As always, she did not follow in her dad's footsteps in this area either.

Anyway, Lisa and her family are feeling much better. Their taxes are lower than they could have ever imagined, their investments are diversified and actually earning a positive rate of return, they have the right amount and cost for insurance, have their kids education funds asset protected....and their family has likely forever avoided the disaster that Bill has left behind!

Epilogue – Bill’s estate was settled very recently, and Lisa told us that her dad’s assets were reduced by 72%, due to ridiculously high estate taxes and attorney’s fees. In this case, that represents a lifetime of financial effort swallowed up from a lifetime of lack of concern. Plus, the estate was reduced even further by the executor having to sell some of the assets in a “fire sale” mode to raise cash quickly enough to pay the taxes. Bottom line. Less than 23% of Lisa’s dad’s assets got left to the family. Don’t let something like this happen to you! It’s too easy to prevent!

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!)

Did you know...

1. Stopping automatic deductions from a checking account. Whether an automatic deduction covers payments for insurance or something else, stopping it can be difficult. First, contact the company to cancel the automatic payment arrangement. Banks say it's common for unscrupulous companies to sneak one additional payment or more through your account. They recommend a stop-pay order. Such companies may try to circumvent the order by making small changes in the amount so stop-pay won't work. Banks say they can void the deduction if you catch it within a day or two, so check your account for a few days before and after the normal due date.

2. Cost of whitening teeth Dentists surveyed by the American Dental Association say tooth whitening is the fastest-growing part of their practices. For \$400, the patient gets a special tray that fits over teeth. For two weeks the tray is filled with whitening gel and worn twice a day. The result can be a change of five to seven shades. For \$1,000, you can get "power whitening." A whitening agent applied to the teeth is activated with a special light. The process takes about an hour, and results in an eight-shade improvement. For \$40, you get two shades lighter in two weeks by applying Proctor & Gamble Whitestrips to your teeth twice a day. For \$15, you get a couple of shades whiter by applying Colgate-Palmolive's Simply White gel for two weeks. Several events in life can be very costly

3. Stock market losses have been a blow to many people. To put things in perspective, however, other events in life could cost more.

** Changing jobs can put savings plans in reverse. The outplacement firm Challenger, Gray & Christmas, Chicago, says it takes about four months to find a new job. This means it's a good idea to have some money in a taxable account rather than having all of it in retirement accounts. It's easy to access, and withdrawals don't trigger taxes and penalties.*

** Having children is one of the pleasures of life, but a costly one. The U.S. Department of Agriculture says a middle-income family will pay \$170,460 over 17 years to raise a child. At the same time, AARP says the typical household headed by a 62- to 74-year-old person had total assets of \$148,100.*

** Getting a divorce costs an average of \$20,000 including legal fees, appraisal costs, and court filing fees, according to divorce specialists in Boulder, Colo. In addition to splitting assets, the largest cost is felt over time as couples have two homes and two sets of toys and clothes for the kids.*

** Having a death in the family is expensive too. The average funeral cost is over \$5,000 not including burial plot and headstone. A simple cremation might cost \$500. If you want to gather friends to celebrate the person's life, organize it yourself at a hotel or a meeting hall.*

Client News And Tidbits!

Getting married, new child, new business or anything else happening in your life we would love to know. Fax us at 877-0956 or email will@nevadabenefits.com. If you have a picture mail it to the above address.

Thanks For The Referrals

We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends and relatives to us! We're all helping each other, which is the whole point of all this! Right?

Family Insurance Centers
Dr. Daliah Wachs
Dr. Marcy Kulic

Henderson Pediatric
Bob at Dr. Hemstreet

Congratulations!

You all will receive a \$50 gift certificate to Macaroni Grill!

Health Tip Of The Month...

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

February is Heart Month:

Inflammation could turn out to be worse than cholesterol for heart! Large studies at Boston's Brigham and Women's Hospital and Harvard Medical School lead researchers to believe that inflammation is a central factor in cardiovascular disease. It can be twice as bad as cholesterol as a cause of heart disease. The studies support earlier research with men.

Painless inflammation can be measured with a test that checks for C-reactive protein, or CRP, a chemical necessary for fighting injury and infection. The test costs about \$20, and may become part of standard physical exams for middle-aged people, especially those with other conditions that increase their risk of heart trouble.

Exercising and losing weight can lower CRP dramatically. Cholesterol-lowering drugs also reduce CRP, as do aspirin and some other medicines.

Doctors believe inflammation has many possible sources. The fatty buildups that line blood vessels become inflamed as white blood cells invade in a misguided defense attempt. Fat cells are also known to turn out inflammatory proteins. Other possible triggers include high blood pressure, smoking, and lingering low-level infections such as chronic gum disease.

CRP levels may rise for 25 to 30 years before a person suffers a heart attack or stroke. That gives a good window of opportunity in terms of prevention.



Clients Of The Month

This month's client of the month is **Ron Robker of Warthan Buick**. Congratulations! This month's winner will receive a FREE Pizza Party for the entire dealership! Ron wants to let the readers know that the friendly sales staff at Warthen Buick is offering 0% GMAC financing or \$3000 rebates on select purchases until the end of the month. Visit Las Vegas's only Buick dealer and congratulate Ron.

Reply Card

If you would like any additional free reports, or would like some of your friends, coworkers, relatives, business acquaintances, etc. to receive a FREE subscription to this newsletter, please fill out the info on the reply form, and we'll add them to the mailing list. We'll also send them a note with their first issue telling them that you had suggested they receive the newsletter, and to contact us if they would like to stop at any time. If you enjoy this newsletter, why not share it for FREE with people you know, with no hassle for you!

YES! I'd like more FREE information on the following:

FREE Reports Available!

- "How To Avoid Overpaying For Your Life Insurance - Dirty Secrets About Life Insurance The Big Companies Hope You Never Learn"
 "The Secret Alternatives To CD's...What the Banks Don't Want You To Know!"
 "The 11 Biggest Mistakes People Make Before Or After Retiring...And How You Can Avoid Them!"
Please contact me to set up a review of my financial situation NOW for 2003!

Name _____

Address _____

City _____ St _____ Zip _____

Phone _____ Fax _____ email _____

Best Time To Contact _____

- Please send me additional pass along cards so I can referral points.
 Please add a FREE subscription to your monthly newsletter for the following people. I understand you will send them a note explaining I suggested they get this FREE subscription, and that all they have to do is contact us if they wish to cancel.

1. Name _____

Address _____

City _____ St _____ Zip _____

2. Name _____

Address _____

City _____ St _____ Zip _____

Please use additional paper if necessary! Thanks, and don't forget to send in your Client Quiz answers to win a FREE dinner!

Fax this form to 877-0956

or mail to:

9505 Hillwood Dr. Ste 100

Las Vegas, NV 89134

or email info

will@nevadabenefits.com

Client Questions

Q. From a reader: “I’m attending college full time and working nights and weekends as a custodian at a small manufacturing company. I hope that when I get my degree I can interview for a management position at that same company. A college degree is necessary for that position. Is the cost of my tuition deductible on my income taxes?”

A. No - If the courses you are taking qualify you for a new business or satisfy the minimum requirement for your present job, the cost is not deductible.

Have a financial or insurance question?

Ask the experts: email phil@nevadabenefits.com or fax 877-0956

February Client Quiz!

Q. 1. Your pal says there is a \$100 bill hidden between pages 75 and 76 of a book in the library. Why won't you go to look for it?

Q. 2. How can you clasp someone's hands together in such a manner that they cannot leave the room without unclasping them?

Q. 3. Pronounced as one letter, written with three, but two different letters there are and two only in me. I come in brown, blue, or gray. I'm read from both ends the very same way. What am I?

First to get all three correct wins a \$25 gift certificate, next 10 win two free show tickets to Hypnolarious.

Email answers to will@nevadabenefits.com or fax to 877-0956. Good Luck!