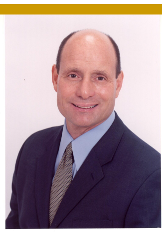

HWM ViewPoint

April 2008

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Dear Valued Clients and Friends,

Imagine how a head coach feels when one of his assistants is sought after for a better opportunity. Mixed feelings, right? This is how we feel in announcing that our colleague, T.J. Drost, is leaving our firm.

T.J. has spent the past three years building his credentials in financial planning. While he was somewhat able to exercise these new capabilities with us, he was still functioning in an administrative capacity. He has accepted a new position with another firm as an associate Financial Planner.

Being a gracious person, he gave us a six week notice, to May 1, to enable us to find a replacement. Please wish T.J. well and expect an announcement from us soon regarding his replacement.

In this issue:

The Ultimate I Love You

For a moment, ponder what life would be like for your loved ones if you were not here. Are you the sole or joint wage earner? Are you the primary caregiver at home? What would become of those you love, financially?

After counseling many families regarding their overall financial planning needs, I realize that sound advance planning and financial security helps survivors to cope better emotionally. Life insurance not only provides a financial safety net, it also sends a final, loving message to survivors: ***"I cared for you. Don't worry about money."***

Consider John - Breadwinner

Consider a hypothetical but practical example: John is a breadwinner earning $150,000 per year. His wife Jane is a homemaker, raising their three young children. They agreed that should John die prematurely, they'll need funds to eliminate the $250,000 mortgage and want $150,000 to contribute to their college plans for their children. Thus, $400,000 is the initial amount needed.

With the mortgage paid and college costs covered, Jane believes she would still need $90,000 per year to maintain the family's current lifestyle, in addition to any social security benefits. An income pool totaling $1,800,000 earning a hypothetical 5 percent per year would generate the $90,000 income needed annually.

Adding the "initial" and "income" needs, John needs to be insured for $2,200,000. Sound excessive? Perhaps, but rather than concentrating on the total amount, reflect instead on the three key goals it achieves: mortgage payoff, college, and $90,000 per year income.

Stated another way, John needs to be insured for roughly 15 times his annual income. This is a good rule of thumb. Certainly, the total amount of life insurance needed could be reduced by current savings and investment accounts.

Consider Jane - Homemaker

Lest we also forget, John may need some financial help should Jane predecease him. John believes he would still earn $150,000 in the event of Jane's demise, but he would need to cover childcare expenses and then pay for many of the other services that Sally provides. Life insurance proceeds in the amount of $500,000, if invested at the same hypothetical 5 percent, would generate a $25,000 per year income supplement for John.

In future editions of **The Chartiers Valley Source**, we will delve into the various types of life insurance and consider the benefits of outright ownership versus having a trust as the policy owner and beneficiary.

What's important now is to review your present life insurance portfolio (or lack thereof), preferably with a qualified professional, and determine if your plan will deliver a sufficient amount to your loved ones to meet their initial lump sum and income generation needs.

A recent commercial eloquently stated that ***"Life insurance is purchased not for the dead, but for the living"***. I echo that, saying it is the final and lasting, "I love you".

Coping with a Slower Economy

Economics isn't called the "dismal science" for nothing. There's an old joke that accuses economists of having predicted 9 of the last 5 recessions (and yes, those figures are in the correct order). However, forecasting the direction of the economy can seem easy compared with trying to figure out how to weatherproof your finances. It can help to understand some of the questions that many investors ask themselves if they're concerned about the potential impact of slower growth.

Is it time to check my portfolio?

Changing consumption patterns can have implications for a variety of companies and industries, and create investing opportunities. Some investing sectors might be especially economically sensitive and might therefore suffer from any economic downturn. On the other hand, some industries or companies may actually benefit from a slower economy. For example, companies that produce high-end goods might be relatively immune from economic pressures--or maybe not. Shifts in spending patterns could also mean that consumers continue to spend money but choose less expensive alternatives, or focus more on getting the greatest value from each dollar.

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If you rely on your investments for income, you may want to review how sensitive your portfolio might be to changes in interest rates. If the Federal Reserve Board sees greater danger from a slowing economy than from the possibility of higher inflation, lower interest rates could cut into your income. Conversely, if the Fed becomes increasingly concerned about inflation, rates could go up. It might be a good time to see whether the yields you're receiving are competitive, and what kind of impact on your monthly income you might expect from any changes in rates.

Should I review my asset allocation?

Now might also be a good time to reexamine how your assets are divided among various types of investments. If you decide you need to shift a portion of your portfolio, those changes don't necessarily have to be made all at once. Consider:

- Adjusting only a portion of your bond or stock holdings
- Using systematic investing to shift allocations over time
- Investing any new money differently to increase your exposure to asset classes you may have neglected

How close am I to the edge financially?

The benefits of reducing debt should be pretty obvious, given the recent credit crisis. Troubles in the mortgage industry have driven home the importance of managing debt wisely. The last thing you need if you're worried about uncertain economic times is to lock yourself into spending patterns that push you beyond your means.

Whether the economy is in robust health or seems to be catching the flu, it's never a bad idea to have a cushion against unexpected financial stress. An unanticipated medical emergency--and is there any other kind?--a sudden job loss, or anything else that affects your income stream can bring the effects of a slower economy home in a dramatic way.

If you're employed in a highly cyclical industry or one that's undergoing substantial changes, having a financial reserve becomes even more important. And if a lot of your retirement plan savings are invested in your employer's stock, think about whether your long-term finances might potentially face a double whammy. Serious financial trouble at your company could mean the possibility of layoffs, a drop in the value of your holdings--or both.

Have I planned for the unexpected?

If you're planning to retire in the next few years, consider the potential impact if you were to be "retired" prematurely. It's easy to assume you'll work until a certain date or earn income after retirement, but health concerns and the job market don't always permit that. Doing some "what if?" calculations with an earlier retirement date than you might otherwise choose could prepare you for what might happen if you were laid off and had difficulty finding new employment, or were unable to work for health reasons.

A transition to a post-retirement career is likely to be easier if you plan thoroughly. For example, launching a small business can be challenging under the best of circumstances; try to have as much of the groundwork laid as possible before relying on it for your entire income. Sales estimates that are more conservative than they might otherwise be may help minimize cash flow problems.

Asking questions such as these lets you hope for the best while preparing for the worst.

Women Need Life Insurance Too

Today, women have more financial responsibilities than ever before. But, according to the LIMRA report entitled *U.S. Individual Life Insurance Sales Trends (2007)*, women are still underinsured. To be sure, life insurance planning is now just as important for women as it is for men.

Income replacement

Life insurance can be a useful tool for replacing income lost due to the death of a family's wage earner. Increasingly, families depend on the income of two working parents. If you're a working mother, your income can have a significant impact on the quality of your family's lifestyle. Your income helps cover the cost of ordinary living expenses such as food, clothing, and utilities. It provides savings for your children's college education, and for your retirement. Life insurance protects your family by providing proceeds that can be used to replace your lost income if you die prematurely.

If you're a single mother, you most likely are primarily responsible for your children's support. If you die prematurely, life insurance can provide ongoing income to cover child-care costs, medical expenses, and debts. While term insurance would suffice for simple income replacement, you may want to consider a permanent policy that builds cash value. The policy can replace your lost income if you die prematurely; otherwise, the cash value can be used to supplement your retirement.

Stay-at-home moms

Maintaining a household is a full-time job, and you have many important roles and duties. If you die, your surviving spouse may have to pay for services such as child care, transportation for your children, and housekeeping. Assuming any added responsibilities could cause your spouse to shorten work hours, resulting in a reduction in income. Proceeds from your life insurance can help your spouse pay for necessary services and replace lost income.

Caregiver replacement costs

Many women find themselves providing care for both children and elderly family members. It's hard enough finding sufficient income to pay for household expenses, child care, and college tuition. Add the costs of caring for an elderly parent or other family member, such as adult day care, uninsured medical expenses, and extra travel and transportation costs, and the financial burden can be overwhelming.

Unfortunately, these financial responsibilities may continue after your death. Life insurance provides a source of funds that can be used to help pay for these expenses.

Business succession

The Center for Women's Business Research reports that over 10 million businesses are owned by women. If you die while owning your business, life insurance can be used to provide cash for company expenses such as payroll or operating costs while your estate is being settled. Life insurance can also be a useful tool for women business owners who are structuring buy-sell arrangements or providing benefits to key employees.

Final expenses

The costs of funeral and burial expenses, estate administration expenses, outstanding debts, estate taxes, and the uninsured expenses of a final illness can place a financial burden on your survivors. Life insurance can ease this strain by providing a benefit that can be used to help pay for these expenses.

The need for life insurance protection for women is equally as important as it is for men. However, women's life insurance coverage is often inadequate. It may be time to consult with an insurance professional who can help you assess your life insurance needs, and offer information about the different types of policies available.

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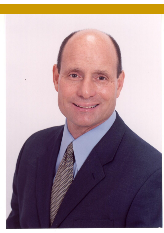

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HENRY
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Ask the Experts

What can we learn from the subprime mortgage mess?

The collapse of the subprime mortgage market and the jitters it's sending through the entire economy contain lessons for us all. Here are a few:

If it sounds too good to be true, it probably is. Based in part on wishful thinking ("housing values will always appreciate") and in part on misleading information ("that's a great rate"), many homebuyers became convinced they could afford mortgages they later found they really couldn't. Similarly, many investors were led to believe that mortgage-backed securities were all about huge rewards with minimal risk. So, the lesson here is: When faced with what appears to be a rosy best-case scenario, always remember to ask "But what if …?"

Experience counts. When seeking a mortgage broker, loan originator, investment firm and/or fund manager, check out their credentials, and look for those with lengthy experience who are respected within their fields.

Read (and understand) the fine print. Many people, both homebuyers and investors, got burned in the subprime mortgage mess because they didn't know the details of the contracts they entered--and the devil is always in the details. Review all mortgage documents and/or investment prospectuses carefully before you make a commitment. If you don't understand the ramifications of what you've read, seek assistance from an unbiased qualified professional.

The best regulation is self-regulation. Federal regulations designed to protect the consumer cover many loans resold to quasi-government agencies like Freddie Mac, and loans insured by the Federal Housing Administration also carry strict guidelines. But oversight of these loans is not always as diligent as it should be. What's more, many mortgages are now originated by unregulated nonbank lenders. As a result, you shouldn't assume that governmental and/or institutional regulations will always protect you from getting into financial trouble. Only you can do that.

When's the best time to refinance my mortgage?

Any time you can refinance your mortgage to save money is a good time to contemplate doing so. Generally, there are two situations when it may be wise to consider this.

If you have an adjustable rate mortgage (ARM) and the rate is about to go up (either because your existing loan is scheduled to reset or because the economy enters a period of rising interest rates), you may save money if you can refinance to a fixed rate mortgage--particularly if the fixed rate is similar to or lower than your current ARM rate.

The other time it's a good idea to refinance (even if you already have a fixed rate loan) is when you'll save money by getting a lower interest rate. An old rule of thumb said that you shouldn't refinance unless the new interest rate will be at least 2% lower than your existing rate, but (depending on the refinancing cost) even a much smaller differential may be worthwhile to some homeowners.

Your refinancing cost is the total of any points, closing costs, and private mortgage insurance premiums (if any) that you'll have to pay when you take out the new loan. Ultimately, it may make sense to refinance if you'll recoup the cost of doing so while you still own the home.

To determine the time it'll take to recoup your refinancing cost, divide that figure by the monthly mortgage payment savings you'll realize by refinancing. The result indicates how many months you'll need to stay in the home to recoup your cost. If you don't remain in your home long enough to recover that cost, then refinancing may not be worthwhile.

One final note: If you're experiencing cash flow difficulties, you may be tempted to lower your monthly mortgage payments by refinancing to extend the term of the loan. From a savings perspective, this is not a good reason to refinance. Unless you get a lower interest rate on the new loan as part of the bargain, you're not really saving any money; in fact, you may end up owing more. Extending the term without changing anything else may alleviate your short-term cash flow problem, but it'll cost you more total interest in the long run.