

KOSS | OLINGER PRIVATE WEALTH MANAGEMENT

B R I E F I N G S

MARCH - APRIL 2010



BY THE NUMBER\$

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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 Match by Mark Frost

The Match is the story of a "friendly" round of golf instigated by Eddie Lowery, the boy caddie of Francis Ouimet, whose story was chronicled by Frost in his earlier book *The Greatest Game Ever Played* (Grade: A+). What made *The Match* unique, was the foursome that played: Byron Nelson, Ben Hogan, Ken Venturi, and Harvie Ward. Nelson and Hogan were legendary professional golfers, though somewhat past their prime. Venturi and Ward were a couple of young amateurs who "worked" for Lowery at his car dealership (an arrangement that proved detrimental to Ward).

The book casts this battle as one between golf professionals and amateurs for the future of golf. Contrary to the current climate, the PGA tour was hardly a jetsetting high-paying profession. It was a grind that saw pros driving from tournament to tournament, staying in cheap motels, and hoping to earn enough money to buy their meals and repay their backers.

The Match took place at Cypress Point Golf Club, an apparently extraordinary course that is no longer host to PGA events. It was played prior to the 1956 Crosby Clambake, which has since become the Pebble Beach Pro-Am. The backstory about Cypress Point and the Clambake is fascinating enough in its own right. But what makes the book a page turner is the tension of *The Match* itself. The four golfers played an almost unbelievable round of match play, in which neither side ever led by more than one hole (I won't spoil the story by

- President Barack Obama's budget proposal submitted to Congress 2 weeks ago today (Monday 2/01/10) included recommendations to increase personal income taxes (from their 2010 level) on married couples making at least \$250,000 (and individuals making at least \$200,000) by \$969 billion over the next decade (i.e., 2011 to 2020) (source: White House).
- In 1980, the top 1% of taxpayers paid 19.1% of all federal income tax (FIT) and the bottom 50% of taxpayers paid 7.1% of FIT. In 2007, the top 1% of taxpayers paid 40.4% of all FIT and the bottom 50% of taxpayers paid 2.9% of FIT. Thus since 1980, the top 1% of taxpayers has gone from paying nearly 3 times the FIT of the bottom 50% of taxpayers to nearly 14 times as much (source: Tax Foundation).
- 2 days after the release of President Obama's fiscal year 2011 budget to Congress on Monday 2/01/10, Moody's warned that the USA's Aaa rating "would come under pressure" unless the US begins to address its rising budget deficits. Moody's called the growth of the USA's debt level to be "clearly continuously upward" (source: Financial Times).
- The US imported from China \$4.26 of goods and services for every \$1 we exported to the Chinese in calendar year 2009 (source: Commerce Department).
- Total US health care spending was \$2.5 trillion in calendar year 2009, equal to \$6.85 billion of spending a day (source: Centers for Medicare and Medicaid Services).
- Of those Americans that work at least 50 hours a week, 56% believe technology has increased the stress of their job as opposed to alleviating tension (source: Money Magazine).

telling you which team won.) Interspersed are the life stories of the four protagonists. While I knew of Nelson, Hogan, and Venturi, I didn't know the story of their lives and how they intertwined. I hadn't heard of Ward, which is a shame, because he was an incredible amateur golfer who was seen as the successor to Bobby Jones.

If you have even a passing interest in golf, or appreciate the competition of elite athletes, you owe it to yourself to read *The Match*.

- Only 11 of the previous 43 Super Bowls have been won by 5 points or less. Only one game (Super Bowl # 25) was decided by a single point (source: BTN Research).
- If you divide the US population of 309 million into 5-year increments (i.e., 0 to less than 5 years old, 5 to less than 10 years old, etc.), there are more Americans age 45-49 years old than any other 5-year age group. The 23 million Americans just short of their 50th birthday comprise a group that is slightly larger than the 22 million Americans age 50-54 (source: Census Bureau).
- 55% of retired Americans surveyed (including those that had previously used a planner and also including those that have never used a planner) wished that they had used or consulted with a financial planner earlier in their life as they planned out the finances of their retirement years (source: Merrill Lynch).
- Based upon the fiscal year 2011 budget submitted to Congress by President Barack Obama on Monday 2/01/10, the US government will borrow \$1 out of every \$3 dollars it is projected to spend. Fiscal year 2011 covers the 12 months from 10/01/10 to 9/30/11. This is analogous to an individual earning \$100,000 (after tax), spending \$149,000 and borrowing \$49,000 to cover the difference (source: White House).
- "The Blind Side," a movie based upon the story of rookie NFL lineman Michael Oher, was produced with a \$29 million budget. The movie has grossed \$242 million (source: BoxOfficeMoJo.com).

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KOSS OLINGER AND OUR COMMUNITY Joshua Bell Performance February 7, 2010



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What most families don't know about protecting their high-value homes, automobiles and collectibles

For the typical middle-America family, commonly available insurance policies can adequately cover home, automobiles and other personal property. For the established affluent family, these basic policies are often insufficient.

In order for your property & casualty (P&C) insurance to adequately protect you from the risks associated with custom homes, high value automobiles or collectibles, a review of your coverage should begin with these questions:

How can I reduce personal exposure associated with my unique high value items?
How can I tailor coverage to be highly specific to my homes, automobiles, jewelry and collectibles?

Also consider this. If most of America doesn't own it, then the typical insurance policy can't adequately protect your ownership. Here are some common pitfalls:

Underinsured: Usually, coverage isn't updated annually to match changes in net worth. Many families are substantially underinsured in the area of umbrella or excess liability policies, which are ironically extremely inexpensive. You may pay hundreds of dollars in annual coverage to protect millions in personal net worth.

Gaps in coverage: When you reach maximum

limits on home or automobile coverage, your umbrella or excess liability coverage can pick up the slack. However, this will only happen if your policies and limits are correctly structured. Art and firearms should be covered wherever they are worldwide – not just while kept in your primary residence.

Lack of appropriate coverage for high value items: Custom homes often feature imported materials or custom finishes that, should damage occur, are not covered in a typical policy. Art should be insured for market value, not replacement value, and coverage should include times in transit from a primary home to a second home or museum. Luxury automobiles should be insured for Agreed Value, not the more common Cash Value or Book Value. Specialty coverage should also be in place for rare books, manuscripts, rugs, firearms, jewelry and any other personal property of high value.

All P&C policies should be reviewed annually. The review should ensure that coverage is updated to include new acquisitions as well as items you may have sold. It should also include a survey of the marketplace to determine whether the

policies you have still represent the best pricing from the best companies.

Just as with any professional service, it is important to know with whom you are working: how much experience do they have with families of your caliber? Ask your existing or potential new P&C agent to provide client references for families who have the same level, diversity and sophistication of lifestyle or personal property ownership as you have.

As always, please feel free to call regarding this or any planning related questions.



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The Wealth Navigator System™

“Capitalizing on your greatest Opportunities and steering clear of your worst fears to Create your best Lifetime Experience.”™

The Engagement and Discovery™

We discuss our client-centered planning process, the fee based on the complexity of your needs, and whether there is a fit. We gather as much pertinent information as possible, allowing us to create a financial game plan that is unique to you. We discuss your current financial situation, your goals and objectives, and available resources.

The Critical Factors Analysis™

Using the information from the Discovery Process, we analyze your current financial strengths and weaknesses, as well as the financial opportunities you have available to you. Combining this personal information with our wisdom, experience, and creativity allows us to develop a financial game plan that is unique to you and will begin to move you forward.

The Breakthrough Game Plan™

The Breakthrough Game Plan is a comprehensive strategy customized for you that may include retirement planning, estate planning, tax planning, business planning, risk management, and asset management. We educate you on the various options available in the marketplace that may be needed to implement your Breakthrough Game Plan. We will explain the strengths and weaknesses of your options in an objective, unbiased manner and provide our recommendations.

The Implementation Solution™

We help you decide which strategies to implement based on your unique financial situation, goals, and available resources. You can feel comfortable knowing that you have been educated and advised in an objective, unbiased manner, allowing you to make informed decisions and execute your game plan.

The Wealth Manager™

We provide ongoing advice and management of your Breakthrough Game Plan. As your situation, goals, and objectives change, together with you, we provide proactive objective advice to ensure your wishes and goals are successfully accomplished.

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

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