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Dear Friends,

Included in this issue of our newsletter are a couple of articles on selecting the right financial adviser for your financial and insurance needs.

Also included is an article that addresses your health insurance options, in case of a job loss.

Sincerely,
Randhir S. Judge

In this issue:

Protecting Yourself from Investment Scamsters

Bernie Madoff may have gone to jail, but if you think we've seen the last of fraudulent investment schemes, you could be setting yourself up to become the next victim. Stronger regulations are in the works, but there are some basic steps you can take to help protect yourself and your family.

Know where your money is going

One of the reasons Madoff was able to avoid exposure for so long was that his firm acted as both investment advisor and custodian of his clients' assets. His clients wrote their checks directly to Madoff's firm rather than to an independent custodian. As a result, there was no outside verification of whether he was actually making the trades he claimed. Checks should generally be written directly to a custodian firm that also is involved in processing your account statements.

Know where your money's going, part 2

Don't invest purely on the basis of returns; understand what you're investing in. Because people were so anxious to invest with Madoff, he was able to deflect questions about how he achieved his results (a fairly simple process, as it turned out--he lied). Most of Madoff's investors didn't know or care what a split-strike conversion was as long as it supposedly produced the returns Madoff promised (people who did understand the strategy were the first to question whether his returns were real). You don't have to become an investment genius to have a fundamental grasp of what you're invested in, how it works, and what the potential risks and rewards are.

Web resources

The FINRA website (www.finra.org) has two interactive tools to help you spot potential investing red flags. The Scam Meter asks a series of questions about an investment to assess whether it might literally be too good to be true. The Risk Meter reviews behaviors and personality traits that make some investors more likely to be victimized.

Do your homework

A recommendation from an acquaintance may be a good starting point for research, but it shouldn't be the sole factor in your decision-making process when choosing investments or an investment professional. Being popular or well-known doesn't necessarily make someone the right person to handle your finances.

Though it might not have red-flagged Madoff, Form ADV can provide background information about a registered investment advisor. Part 1 of the form can be found at www.adviserinfo.sec.gov; Part 2 must be supplied directly by the advisor and includes information on services, fees, and investment strategies. The Financial Industry Regulatory Authority (FINRA) website's BrokerCheck allows you to confirm broker licensing and check on any history of disciplinary problems. Information about insurance professionals is available from the individual states.

Take advantage of multiple resources

Madoff used reverse psychology; the more difficult he made it for people to invest with him, the more they wanted to do so. If you question or don't understand advice from one financial professional, you should feel free to consult someone who can help you make sense of what's being proposed for your money. You might also want to consider using multiple investment managers, each of which may specialize in a specific investing style or asset class.

Finding the Right Financial Professional

At some point in our lives, many of us turn to a financial professional for help with financial matters. Charting a course with a professional to reach your financial goals can be an exciting adventure, but it shouldn't have to be a blind leap of faith. Before you commit to a long-term relationship, here are some things to think about.

Credentials and area of expertise

Take a look at the credentials of any financial professional you're considering. What degrees, licenses, certifications, and/or financial designations, if any, has he or she earned? These may depend on the professional's area of expertise.

Speaking of expertise, you should find out whether the financial professional concentrates his or her practice in a particular area, or whether he or she has a more broad-based practice. Maybe you're looking for someone with expertise in a particular area, such as business succession planning or investing in real estate and commodities. Or perhaps you want someone who will look at every aspect of your financial situation--from budgets, to saving for college and retirement, to insurance coverage, to tax planning, to estate planning. Obviously, you'll want to make sure that the person you'll be working with has experience in the financial areas for which you're seeking advice or works with other professionals who do.

Experience and reputation

While experience is important, a long track record isn't worth much if it isn't a good one. Even if you get a recommendation from family or friends, you can't be sure how thoroughly they did their research or how their circumstances might be different from yours in subtle but important ways.

If the person you're considering is a Registered Investment Advisor (RIA), you can ask him or her for a copy of Form ADV, which reviews an advisor's background, services, fees, and any disciplinary actions. Similarly, the Financial Industry Regulatory Authority (FINRA) has a BrokerCheck section on its website, www.finra.org, that allows you to check an investment broker's licensing, registration, and any history of disciplinary problems.

Communication skills

A relationship with your financial professional is an ongoing one. To adapt your changing financial circumstances and preferences to the ever-changing, complex world of financial regulation and products, a financial professional must communicate with you over and over again. So you'll want to find someone who is both a good listener and responsive to your needs.

After your initial meeting, ask yourself these questions:

- Did he or she take the time to fully understand my goals, and do a good job of explaining the proposed approach to meeting those goals?
- Will we be able to meet or speak regularly about my portfolio or other issues that may arise?
- Will my e-mail and/or phone calls be promptly answered?

After you've had a few conversations, review your interactions. Is the individual you're considering a thoughtful listener who answers questions patiently and objectively? A good financial professional will put together and implement a viable plan to match your expressed financial goals.

Fair compensation

Financial advice isn't free. All financial professionals get paid and deserve to be fairly compensated. Your job is to make sure you understand how your financial professional is paid. Some are fee-only--their compensation depends entirely on the services they perform. They may be paid by the hour, by the project, or on a percentage of assets managed. But others get at least some of their income from commissions, which are based on the investments they sell. Compare the various compensation alternatives and consider the one with which you are most comfortable.

Conclusion

Before you spend time, energy, and money investing in a long-term relationship with a financial professional, make sure you feel comfortable with the person you've chosen to help you navigate the financial world. Trust your instincts, and remember, you are in control.

A good communicator

A financial professional should take the time to fully understand your goals, and do a good job of explaining the proposed approach to meeting those goals.

Health Insurance Options After a Job Loss

It's hard enough facing the financial and emotional trauma of losing your job. One of the issues you may confront is the loss of your employer-provided health insurance as well. While there may not be a simple solution to your health insurance dilemma, you should understand your options.

COBRA

The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) provides for continued access to health insurance for people who lose their employer-sponsored coverage due to termination of employment (among other triggering events).

Under federal law, employers with 20 or more employees that provide health insurance are required to offer COBRA coverage. As a qualifying employee, you can remain on your employer's plan for up to 18 months. However, you must pay the cost of COBRA insurance, plus a 2% administrative fee, unless your employer pays some of the cost. But you can't be turned down due to pre-existing health conditions, and the coverage will include your family if they were also covered under your employer-sponsored plan.

Note: *The American Recovery and Reinvestment Act of 2009 (ARRA) provides that, for involuntary terminations that occur on or after September 1, 2008, and before January 1, 2010, assistance-eligible individuals will only need to pay 35% of COBRA premiums for a period of up to 9 months. The remaining 65% of premium cost will be subsidized by the federal government.*

State programs

If your employer has gone out of business, stopped offering health insurance, or is too small to qualify for COBRA, you may still be protected. Many states have laws that provide health insurance continuation programs similar to COBRA. However, the laws of each state may differ as to employee qualifications, length of coverage, spousal and dependant benefits, etc. Check with your state's labor department or insurance commissioner's office for more specific information.

Your spouse's coverage

If you have a spouse who is working, he or she may have access to employer-sponsored health insurance. If your spouse qualifies for coverage, you and your family can enroll in your spouse's plan without having to wait until the plan's regular enrollment period, and you can't be excluded for pre-existing health conditions.

But don't jump to your spouse's plan just because it's cheaper than your COBRA coverage without considering some important factors. Your spouse's plan may not offer as many benefits as your COBRA coverage. For example, your spouse's insurance plan may not cover your doctor or your preferred medical facility. And while that plan may cost less because of greater employer contributions, if your spouse gets sacked, your spouse's COBRA coverage might cost more than your COBRA coverage. So before switching health plans, compare your spouse's plan benefits to your COBRA coverage, consider the security of your spouse's job, and find out what your spouse's COBRA coverage would cost.

Insurance through an organization

Often, various groups and organizations such as fraternal clubs, religious groups, unions, and local chambers of commerce offer health insurance to their members. Because the coverage is based on a group, its cost is usually less than comparable private insurance. But coverage may be offered through only one insurer, the plan benefits may be limited, and co-payments and deductibles may be higher than under your current plan.

Private health insurance

Another alternative is private individual or family health insurance. Private insurance gives you the greatest choices for plan benefits, but it most likely will cost more than coverage through your former employer. Also, you or members of your family could be denied insurance coverage due to pre-existing medical conditions unless you meet specific HIPAA qualifications.

More options

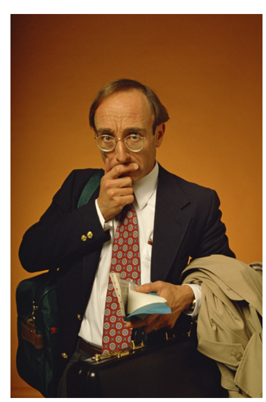
Other cost-effective choices include high deductible individual plans and the federally subsidized, state-administered Children's Health Insurance Program (CHIP), which is available for families with modest incomes. Contact your state insurance department for more information.

How much will COBRA cost?

Excluding the temporary subsidy provided by ARRA, you generally are responsible for 102% of the cost of COBRA continuation coverage.

In 2008, the average annual cost for COBRA continuation health insurance was $4,704 for an individual plan and $12,680 for family coverage.

Source: The Henry J. Kaiser Family Foundation Employee Health Benefits: 2008 Annual Survey, September 2008.



Ask the Experts

Should I lay off employees from my small business?

With today's troubled economic conditions, more employers are facing this difficult question. Layoffs are no fun for anybody. It's hard for the workers who lose their jobs, it hurts the morale of remaining workers, and it can be a financial and emotional hardship for small business owners who typically have dedicated resources to develop their workers' skills, and often have social ties with their employees.

To help answer this question, first determine whether cutting payroll expenses is your best course of action. Remember, there is a cost to laying off, rehiring, and training employees. Perhaps it would be wiser to obtain an infusion of cash from investors, or cut other budget items instead, such as employee benefits.

Next, consider other options. For example, it may be better for both you and your employees if you retain everyone but reduce wages across the board.

Or, you could change your workers' schedules, cutting back hours. Now may be a good time to consider instituting a four-day work week or have full-timers become part-timers. Check to see if your state government will help by offering unemployment benefits to workers who must go part-time (a few states do).

If layoffs are necessary, carefully consider your business needs. Some persons may be vital to the success of your company, and laying them off may not be a valid option. On the other hand, this could be an opportunity for some housecleaning. Make your company more efficient by trimming excess staff, or letting go unneeded management and poor performers.

Before making any terminations or layoffs, however, seek legal advice to avoid any potential employee lawsuits. You'll need to comply with certain federal and state laws, and any employment or union contracts.

How should I lay off employees from my small business?

Employee layoffs are not easy for any business owner. Here are some tips for a smoother process.

- *Do it right the first time*. Letting go all the appropriate individuals can prevent a potentially traumatic and costly "second round."
- *Get good legal advice*. It is imperative that you understand your workers' rights and fulfill your legal and contractual obligations. For example, affected employees will likely be entitled to state unemployment benefits and COBRA extended health benefits, and you may have to give proper notice under the Worker Adjustment and Retraining Notification (WARN) Act. You want to avoid any possible discrimination or other lawsuits that might ensue.
- *Attend to the details ahead of time*. Have all relevant documents and programs, such as severance packages, letters of recommendation, and outplacement services, ready to go. Be prepared to answer any questions your workers may have. Being organized, efficient, and thorough may ease the sting felt by both outgoing and remaining employees.
- *Proceed with tact*. Deliver the bad news with compassion and respect. Express regret and concern. Give as much financial and personal support as your business can allow. Provide hope if rehiring when things get better is a real possibility. Let workers finish the day or week, if possible. Allow them to pack up and say goodbye to colleagues. Show them to the door. Keep in touch. Following the "golden rule" will hopefully soften the blow for those moving out and boost the morale of those staying on.
- *Get back to business*. Be open about the event with your remaining workers. Provide assurances when possible, show confidence, and lead your company forward to a brighter future.

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