

# Investing Today...

## Timely Topics

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### Honing Cash Control Skills

It is easy to think about stocks, bonds and other investments, yet forget the very important, but somehow less glamorous, aspect of a portfolio – cash. In soaring markets, cash can get shunted aside. In poor markets, the importance of cash reasserts itself. *Now may be a good time to examine whether your cash is being managed for maximum benefit.*

While there are many aspects to savvy cash management, the chief questions are simple enough. Is the cash you are likely to need readily available? Is it working for you as well as possible?

**How Much Cash?** Recommendations range from three to 12 months of regular house-hold expenses. However much you decide is right for you, it should be an amount adequate to see you through most emergencies, yet not be so great as to condemn yourself to a relatively low rate of return on a large part of your portfolio.

You can keep cash you want immediately available in interest-bearing savings accounts or checking accounts. If you need to build up your cash reserves, you can arrange for a set amount to be taken out of every paycheck or once a month, whichever you prefer.

You may have other cash available, too, and managing it should be part of your financial plan. Your brokerage account probably has a “sweep” option whereby cash from a sale is automatically swept into an interest-bearing account until needed for a new investment. That avoids simply storing idle cash. Make sure you know the rules and the sweep minimums so that your uninvested cash can work as hard as it can for you.

Streamlined cash management also means using your income wisely and avoiding unnecessary expenses. Paying off any ongoing credit card debt (and the interest that accompanies it) should be a priority. And it is wise to avoid unnecessary fees by arranging for no-fee or low-cost checking, as well as online bill-paying arrangements. And if you use a charge or debit card regularly, you might as well use one that provides rewards of the kind that would benefit you most, whether that’s travel, a cash-back percentage or gift cards usable at retailers you frequent.

No matter what specific arrangements you make, keep in mind that your cash management skills can be as important to your lifestyle as your general investment preferences. Smart, coordinated cash management can have a positive impact on your portfolio’s performance. If you have questions about your cash management options, please don’t hesitate to call me.

#### **Investment Myth**

“No Same-Year Investing In Both 401K and IRA”  
 Surveys say many Americans believe this. But you can indeed contribute the maximum to both an employer retirement plan and an IRA in the same year. If you don’t qualify for the tax break on a traditional IRA contribution, you may want to investigate opening a Roth IRA. You’ll receive no tax break up front, but you’ll pay no tax on withdrawals. Check with your Tax Advisor. Keep in mind these account may be subject to early withdrawal penalties.

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***Concerned about your financial future?  
Some Key Questions We Can Help You Address***

- How will this current environment affect my financial and retirement plan?  
Is my portfolio properly balanced?  
Is my portfolio set up to address potential longevity risk?  
How can I most efficiently withdraw assets from my IRAs and qualified plans?  
How can I allocate assets considering the potential effects of future inflation?  
Should I leave my retirement plan at my employer or roll it over to an IRA?  
What is the difference between FDIC, SIPC, and Excess SIPC?

***Required Minimum Distributions***

Penalties are temporarily suspended for Not Taking Required Minimum Distributions (RMDs) from Retirement Accounts in 2009, but if you have an automatic withdrawal you will need to cancel the distribution if you don't wish to take the RMD this year.

***IRA Limits Unchanged***

After a year in which many thought the cost of living increased noticeably—and the Social Security Administration announced a 5.8% cost-of-living adjustment in basic benefits beginning this month (January) - The Internal Revenue Service (IRS) disappointed individuals because Traditional IRA and Roth contributions limits remain the same for 2009: \$5,000 (plus an additional \$1,000 catch-up contribution if you are aged 50 or over).

***Did you know***

The Federal Estate tax exemption is increased to \$3.5 million for 2009. Call to find out how that might affect your Estate Planning.

***2008 Tax Reporting Documents***

IRS [Notice 2009-11](#) announces that Brokers May Furnish Certain Composite Annual Tax Reporting Statements by February 17, 2009, Without Penalty. The notice provides that the new due date established under Section 403 of the Energy Improvement & Extension Act of 2008 to provide Form 1099-B information to customers also applies to other tax information customarily reported to customers with Form 1099-B statements on an annual composite tax reporting statement. This would typically include interest/dividends reported on Form 1099-INT & Form 1099-DIV.

***We are looking for experienced financial advisors to join the branch. Call 585-1212 if you are interested or would like to refer someone.***



***About Liza Campa-Flanagan...***

Liza (pronounced Lizza) has been an active professional in the financial services industry for over 20 years. She is a Certified Financial Planner™ and Certified Investment Management Analyst in addition to satisfying the educational requirements to be Registered as a General Securities Principal with Raymond James Financial Services, Inc. Liza also holds life, health, and variable annuity licenses in the State of Florida. She graduated with distinction from Eckerd College in Florida with a B.A. in Business and Management.