



**Besnier
Financial
Group, Inc.**

Ideas for Today, Tomorrow & Beyond
SUMMER 2010

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From the President's Desk

A lot of Americans are behind schedule in their plans for saving for retirement, especially since our economy took a big hit due to the banking crisis in 2008. The value of many 401(k) and other retirement investments have gone south, which has in many ways made the public more aware for the need to better understand and implement sound and comprehensive investment strategies. The downside market risk with the loss of retirement principle has forced many to re-evaluate their position and strategies and adjust their time frame to retirement. Early retirement is now not an option for many who had been looking forward to a whole new lifestyle and in some cases a second career.



RISK! All investments are subject to some type of risk and in many cases more than one. There is the risk of inflation, market rate risk, the volatility of the market, the risk of insufficient liquidity where an investment cannot be sold quickly. There are many others but the ability to understand how to manage risk is extremely important.

Investment selections should be based on a number of things – your investment objectives, the time you have to have your money invested and, as mentioned above, your risk tolerance. The longer time frame you have the greater opportunity to accept more risk, compared to a shorter time frame that would dictate a more conservative approach to the investment. It is also important to consider all of your investments prior to making new investment choices and decisions. Tax advantages may also play an important role in your financial decisions.

When last did you review all your investments and investment strategies with your financial advisor?

Many Americans invest at different times with various companies and have good intentions of taking time to sit down with an advisor to review the whole picture, but don't get around to doing it. If you have not already received a call from us to come in for a comprehensive review, you will be hearing from us over the next few weeks. There are various ways in which we can help you, and if you don't have a plan or feel that you don't know where to start, we are here to work alongside you and help you figure out realistic goals and a plan to move you forward towards their achievement.

Dick Besnier

REMINDER – if you have not yet discussed ROTH IRA conversion with us to see if it is something you should consider or not, call now to make an appointment - 564-3333.

Protection for a Price

The biggest financial worry among investors this year is that their investments will “get clobbered,” according to a late 2009 poll.¹ So it's not surprising that 74% of investors said a guarantee was “extremely” or “very” important when choosing an investment.²

A guaranteed investment? Actually, it's no joke. Variable annuities, which are insurance contracts that offer an opportunity to pursue investment gains, give contract holders the ability to purchase guarantees to help protect against downside risks. Although the guarantees come at a price, consider the potential value of these benefits.

Guaranteed minimum accumulation. Regardless of the performance of the underlying investments, the contract value will maintain a minimum level after a specified term. This level is usually equal to the amount of premiums paid.

Guaranteed minimum income. When the annuity owner begins taking retirement income, the payment will be based on the greater of either the actual contract value or a minimum payment amount.

Guaranteed minimum withdrawals. A fixed percentage (usually between 5% and 7%) of the annuity premiums can be withdrawn annually for a specified period (including the owner's lifetime), regardless of market performance.



There are contract limitations, fees, and charges associated with variable annuities, which can include mortality and expense risk charges, sales and surrender charges, administrative fees, and charges for optional benefits. Withdrawals reduce annuity contract benefits and values. Variable annuities are not guaranteed by the

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FDIC or any other government agency; they are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association.

Withdrawals of annuity earnings are taxed as ordinary income and may be subject to surrender charges plus a 10% federal income tax penalty if made prior to age 59½. Any guarantees are contingent on the claims-paying ability of the issuing company. The investment return and principal value of an investment option are not guaranteed. Because variable annuity subaccounts fluctuate with changes in market conditions, the principal may be worth more or less than the original amount invested when the annuity is surrendered.

Variable annuities are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) *Money*, December 2009
2) *InvestmentNews*, June 22, 2009

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up the opportunity to pursue higher-than-average investment gains.²

Yet 58% of people in this same group also said their investment goals included generating current income.³ How is it possible to generate a retirement income without taking on too much risk? One way is by investing in fixed-income instruments, usually debt securities. But even these instruments pose some risks that investors may not be comfortable with.

An alternative is to purchase a long-term retirement income vehicle from an insurance company. Although no financial instrument is entirely without risk, the guarantees offered by a fixed annuity can help address the concerns of even the most risk-averse investors.

Fixed for Life

An annuity is a contract with an insurance company that provides a guaranteed income at some point in the future, after the contract has been funded with premium payments. If you are concerned about earning the highest possible investment return, an annuity may not be for you. But if you are interested in a guaranteed income or a guaranteed interest rate, you may want to consider the role an annuity could play in your portfolio.

Annuities are flexible and can be shaped to help meet your individual needs. For example, you could choose an income that lasts for a specified period, for the rest of your life, or for the lives of you and another person. Or you might choose to earn a specific rate of return for a guaranteed period, possibly with the opportunity to lock in a higher rate, depending on market performance.

The amount of income paid by an annuity depends on variables that include the amount paid in premiums, the contract's rate of return, the age and gender of the contract holder, and the number of years over which income payments will be received.

Annuities have contract limitations, fees, and expenses. Any guarantees are contingent on the claims-paying ability of the issuing insurance company. Most annuities have surrender charges that are assessed during the early years of the contract if the contract owner surrenders the annuity. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty. The earnings portion of annuity withdrawals is subject to ordinary income tax. / Continued on next page

A Potential Income Source for the Risk-Averse



A CERTAIN AGE

70 Average age of those who own nonqualified annuities

52 Average age of first-time annuity buyers

Source: *Journal of Financial Planning*, November 2009

A survey of investors 65 and older found that 17% were unwilling to take on any investment risk.¹ Another 19% said they were willing to take on only below-average risk, even though they knew it meant they were giving

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A source of guaranteed income may help remove some of the uncertainty associated with volatility in the financial markets. It's possible that annuitizing a portion of your savings may allow you to enjoy your retirement years with less concern that you might outlive your money.

1-3) Investment Company Institute, 2008

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When Investing Pays Dividends

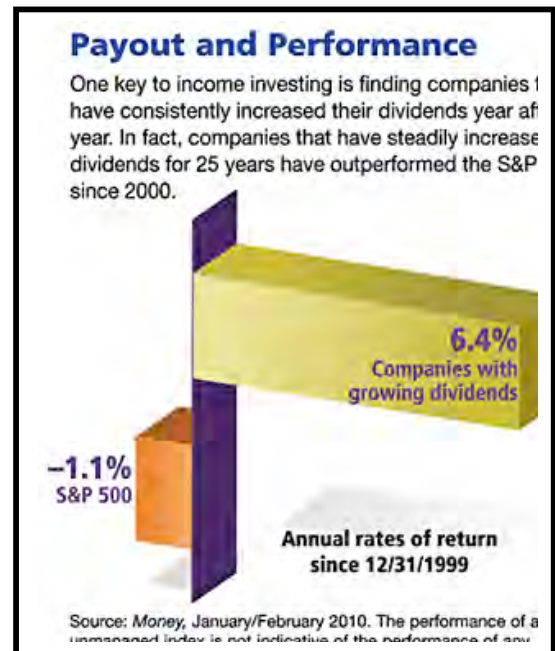
Typically, stocks that pay a portion of earnings to shareholders in the form of dividends are not considered to be superstars of the stock market. They typically do not offer the growth or price appreciation potential of small-cap companies, but tend to be more stable.

Dividends may not only help provide income but could also point the way toward possible investment opportunities. Aside from the potential for steady payments, dividends can be a good way to assess a company's health, quality of earnings, and future prospects. In fact, research shows that companies that have started or consistently increased dividend payouts since 1972 have outperformed the broader market.¹

Companies that pay dividends tend to be large and well established, and their stock may be appropriate in a conservatively allocated portfolio. Companies may elect to pay a dividend because they consider it to be a better option for distributing profits than reinvesting in the business.

Even though income stocks are theoretically less risky than growth stocks, the return and principal value of all stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

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The Uncertainty of Taxes

Under current law, qualified dividends are taxed at a maximum rate of 15%. For taxpayers in the two lowest federal income tax brackets (10% and 15%), the tax rate on dividends is zero.

However, these low tax rates are set to expire on December 31, 2010, unless Congress acts to extend them. If the special tax treatment is allowed to expire, dividend income taxation will revert to the rules that were in effect prior to 2003. Under these rules, dividend income is taxed at the same rates as ordinary income, which could be as high as 39.6%.

The possibility of higher dividend tax rates in 2011 is a factor to consider when investing in dividend-paying stocks. It would be wise to consult with a tax professional before taking any specific action.

Income stocks can offer a steady payout as well as the possibility of solid returns. Call today to discuss the role that income stocks can play in your portfolio.

1) CNNMoney, November 9, 2009

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