

THE QUARTERLY

S E C O N D Q U A R T E R · 2 0 1 0



FROM THE DESK OF ERIN BOTSFORD

BY ERIN BOTSFORD, CFP®

The Fourth of July is one of my favorite holidays, not only because of the many picnics and fireworks displays, but because it is a reminder of how blessed we are as Americans to live in such a beautiful and prosperous nation. I relish every bit of pomp and circumstance on the Fourth, from small town parades and summer music festivals to fighter jets flying in formation. In fact, my husband, Bob, a former fighter pilot, calls the noise from those planes “the sound of freedom!” For me, as for millions of Americans, Independence Day is a celebration of our country’s rich heritage and its enduring faith in a brighter future.

Of course, given our current economic ills, some people might argue that we have little to celebrate. From the impact of the oil spill on the thousands of people whose livelihoods are tied to the industries along the Gulf Coast to rampant political in-fighting, continued foreclosure activity, and a sporadic stock market, the economic news in the U.S. has been anything but cheery of late.

Despite such grim reports, however, I choose to remain optimistic. For one thing, our country was built on ingenuity and resilience. We pulled out of the Great Depression, defeated the enemy during World War II, overcame the energy crisis of the 1970s, and demonstrated unflinching spirit and courage after 9/11. We have always made it through tough times, and we will make it through this season of adversity, as well.

America was and remains the land of opportunity; this fact is widely known around the world. This holiday gives us an annual reminder of how privileged we are to have been born in this land rather than anywhere else on the planet. Millions of people would give anything to be able to live in a country where people can still achieve prosperity by working hard and saving diligently. I am grateful to live in this great nation and privileged to work in a profession where I can help people live the lifestyle they have worked so hard to achieve.

On behalf of our entire team, we hope you have a wonderful summer. Remember: we only go around once, so be sure to focus on creating memories with those you love. Also, please keep our military families in your thoughts and prayers. We need to lift up those who continue to sacrifice so we can enjoy the bounty of our land.

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A Winning Partnership

We are proud to announce The Botsford Group has joined forces with DeWaay Financial Network, one of the country’s most exclusive broker-dealers!

Through this new relationship, we now have the opportunity to offer clients access to one of the widest varieties of investment options in the industry. This includes private equity offerings and alternative investments that are not available outside the DeWaay network. In addition, DeWaay provides our team with access to cutting-edge technology resources, and their employees understand the importance of excellence in service, which is an integral part of the foundation of The Botsford Group. As a broker/dealer, DeWaay has won our business because of its entrepreneurial culture and strong commitment to customer service that parallels what we strive to provide our clients every day.

With the expertise necessary to work with one of the top advisors in America, DeWaay comes to us with a highly qualified team. All on the team understand the mission and core principles of The Botsford Group. Working together, we will be able to offer unique products and first class service to our valued clients. Stay tuned for more information as we begin our debut of an exciting new group of product offerings!

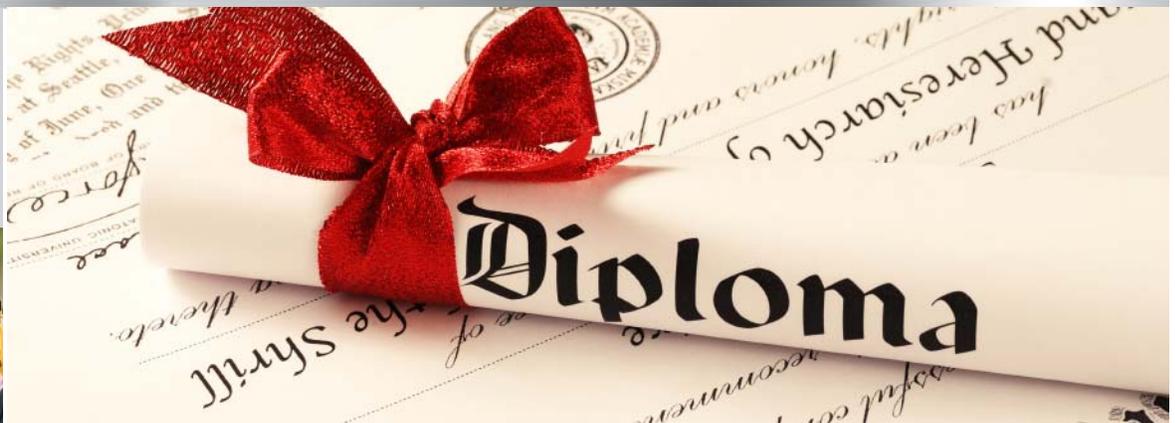


Table Of Contents

From the President.....	Page 1
Give the Gift of Education....	Page 2
Drink to Your Health	Page 3
Economic Update	Page 3
Welcome to New Team Members	Page 3
Sell Your House Faster	Page 4



Using these strategies may affect eligibility for grants and scholarships, so be sure to speak with your CPA or tax attorney or call our office for assistance before implementing any of these plans. That way, you can give the gift of education without a hidden price tag.



GIVE THE GIFT OF EDUCATION

One of the greatest legacies you can pass along to future generations is a quality education. U.S. Census Bureau statistics show that college graduates earn incomes considerably above the national median (\$50,959 compared to \$39,509), while those with doctorate and professional degrees are among the top 15 percent of income earners. College graduates also have better dietary habits, lower rates of smoking, and a longer life expectancy than people with only a high school education.

Unfortunately, the rising cost of college tuition can make a higher education prohibitive for many. You can help your children and grandchildren achieve this goal by taking advantage of the different savings vehicles and tax benefits currently available:

- 529 Plans** – Named after Section 529 of the Internal Revenue Code, a 529 plan is operated by a state or educational institution. Prepaid plans let you purchase tuition credits at today's rates for use in the future, while savings plans use underlying investments, such as mutual funds, to help you accumulate money for college. Both offer tax advantages in that distributions used for qualified higher education expenses, such as tuition, fees and books, are exempt from federal income tax, and many states provide a state income tax deduction for the donor. The plan also stays within the donor's control; however, any funds that are not used toward qualified expenses are subject to taxation.
- Education Savings Accounts** – Also known as Coverdell ESAs, these accounts are similar to 529 plans inasmuch as funds grow tax-deferred and can be withdrawn tax-free for qualified education expenses, but the money can be used for primary and secondary school, as well as college costs. The current contribution limit is \$2000/year per child, and the balance must be disbursed for qualified education expenses or disbursed to a younger family member by the time the beneficiary is age 30 to avoid taxes and penalties.
- Trust Funds** – As part of your estate planning, consider setting up a trust fund to leave money for your grandchildren or other beneficiaries to help pay for education costs. For example, you can set up a fund that will pay the beneficiaries only if the funds are put toward tuition costs at a college, university or trade school. But be careful how the trust is structured – you don't want to create a scenario where a beneficiary can choose to stay in school indefinitely so they can live off the inheritance.



ECONOMIC UPDATE

Halfway through the year, the economy remains at the forefront as the pendulum swings from side to side, positive to negative. Recently, the market tide rose as worries and strains over Greece and other European countries began to wane. As of Friday, June 25, the Dow Jones Industrial Average was at 10,143.81, down 2.73% year-to-date. This equates to peanuts compared to the international equity index, which is off 13.8% year-to-date. Clearly, the devaluation of the Euro along with market underperformance has rocked the international markets.

From the top of the chain, U.S. Federal Reserve Chair Ben Bernanke stated “[his] best guess is we will have a continued recovery...” but nothing compared to the 1990s bull market or 2003 to 2007 supercharged economy. The consumer price index continues to inch higher month after month as more Americans hit the retail stores, and

housing numbers have been jolted upward from the tax credit, but unemployment remains stubbornly high at just under 10%. Other nefarious characters dragging on the economy include Fannie Mae and Freddie Mac’s continued dining at the taxpayer trough. These two government sponsored entities (GSEs) are projected to cost taxpayers anywhere from \$500 billion to \$1 trillion in bad mortgage debts, according to Bloomberg News.

The oil spill in the Gulf also continues to weigh on the hearts and minds of those affected directly and indirectly. BP stock has suffered a punishing loss over the last two months as attempts to contain the oil continue to fail. The local habitat has been layered in oil, which is currently creeping ever closer to the American shores affecting tourism and travel to these areas.

WELCOME TO NEW TEAM MEMBERS

We are pleased to announce the addition of two experienced and talented new members to our team.

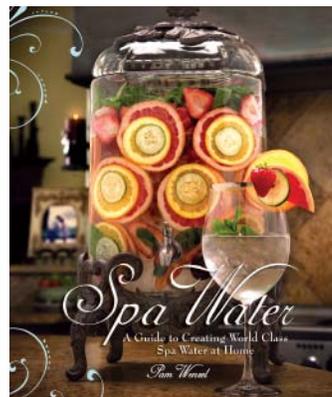
Sammie Gatti has joined our staff as Vice President of New Business Development. She brings with her more than 15 years’ experience in the financial services industry focused on the retirement needs of senior employees and executives of major Dallas companies. Prior to joining The Botsford Group, Sammie was the owner of Planning Partners for Retirement, which managed more than 400 clients.

Debra Sheppard has joined our staff as Manager, New Business Development. Previously, Debra worked with Sammie Gatti at Planning Partners for Retirement as the Office Manager/Client Services Representative. Before entering the financial services arena, Debra spent more than 20 years in the health insurance industry, working in the areas of underwriting, sales and client services.

DRINK TO YOUR HEALTH

If you’ve been to a spa recently, you’ve undoubtedly marveled at the beautiful glass beverage server filled with sliced citrus fruit, plump berries and crystal clear water, beckoning visitors to drink up. Now you can learn to create your own delicious, infused water at home and enjoy the many health benefits that come from staying well-hydrated.

Pam Wenzel, a long-time client of The Botsford Group and a 17-year breast cancer survivor, is the author of the new book *Spa Water: A Guide to Creating World Class Spa Water at Home*. The book features a collection of 22 recipes from award-winning spas around the world, and a portion of all sales proceeds will go to the Love/Avon Army of Women to support their fight to eliminate breast cancer. *Spa Water* is available at most major book retailers, or visit www.myspawater.com to order online. To help researchers determine the cause of breast cancer, visit www.armyofwomen.org/howyoucanhelp and learn how you can become one in a million.



SELL YOUR HOUSE FASTER

Many couples choose to downsize during retirement, but delays in selling the house can put retirement plans on hold. Here are a few quick tips to get your house ready for sale:

- **Tackle minor repairs.** Finishing all those items on the “honey do” list, from touching up the paint on doors and baseboards to replacing missing planks in the backyard fence, can improve your home’s appearance and make it more appealing to buyers.
- **Eliminate clutter.** Piles of papers on the kitchen counter, toys scattered across the floor, and shelves full of knick-knacks are unappealing to homebuyers, who are keying in on space and cleanliness.
- **Make yourself scarce.** Depersonalize and neutralize the space by packing up photos, artwork, trophies and collectibles. Buyers want to be able to envision themselves in your house, not the people who currently live there.
- **Set the stage.** Where necessary, move furniture around to highlight each room’s focal point. If you lack an eye for spatial design, bring in a professional to help you stage your home for optimal effect.
- **Kick up your curb appeal.** Research shows that the vast majority of homebuyers decide whether to even look inside a property based on the front yard. A small investment in landscaping, such as trimming hedges and planting colorful flowers, and a fresh coat of paint on the front door can create an inviting exterior that beckons buyers inside.



Putting a few dollars into preparing your house for sale can help ensure it spends less time on the market—and you can start enjoying your retirement sooner!

Reference: MSN.com's Money Central

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Congratulations...

...to Erin Botsford, who was again named one of the Top 100 Women Financial Advisors for 2010 by *Barron's* magazine.

...to Managing Partner Kay Lynn Mayhue on the birth of Bowen Alan Mayhue, who arrived Monday, June 7th, at 2:54 p.m. ET, weighing in at 6 lbs., 10 oz. Mother and child are both doing well.



...to Kim Goldsmith, who recently passed her test to become a Certified Financial Planner.

...to Bryan Strike who recently completed his Series 66 exam.