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ROMAN FINANCIAL SERVICES

Summer 2008 Edition

The Centurion

A Financial Newsletter from Roman Financial Services
Online version of Newsletter can be found at www.FriscoFinanicalGroup.com

Inside this issue:

End of School Year—Start thinking about Future Education Expenses

College Savings Plans (529s)

No matter what state of life you're in—from a new parent just starting to think about college funding to an empty-nester contemplating estate planning—a 529 plan can play an important role in your overall financial landscape. The attractive features offered by a 529 plan can help you combat the challenges of meeting the high cost of a college education while taking advantage of generous tax breaks. By investing in a 529, you can save for an education for a family member, friend or even yourself, and at the same time:

- Grow federally tax-free earnings on your account.
- Maintain control of the account—permanently.
- Reduce your federal taxable estate.
- Contribute up to $60,000 in a single year for each beneficiary without triggering a federal gift tax.

Now, is the time to consult a financial advisor about how the use of a 529 can be used in your overall financial portfolio.

Upcoming Networking Events

LinkedIn Real World Networking Group
2nd & 4th Thursday of every month
11:30-1:00
Buca di Beppo
$50/quarter

*Learn how to use LinkedIn to obtain additional referrals and network with professionals that you choose. Come to a meeting and find out how.

Giving Back to the Community

Supporting Texas Troops Overseas

Fifteen care packages and one 3' x 8' poster were sent to our troops overseas recently and are still being sent. I would like to personally thank each and every person who made all of this possible. We are extremely fortunate to live in this country and have those in the military defend us and protect our freedoms. God bless our troops and all those who helped support this cause.

Teacher Appreciation Event

Shawnee Trail Elementary (Frisco ISD)

I would like to thank all of you who participated in the Teacher Appreciation Event at the Shawnee Trail Elementary School. Together, we were able to donate over $1,000 worth of door prizes and $350 worth of discounts and other items of value in each of the 70 gift bags that were given to each teacher. Thank you for your support.

Have a charity that is close to your heart, please forward the information on to Roman Financial Services for consideration.

If you are interested in volunteering or helping out with the next charity, please let me know.

Next Charity Event coming soon. Please check back to find out how Roman Financial Services plans on helping out this summer.

Rome wasn't Built in a Day, so Let Roman Financial Build Your Empire!

Roman Financial opens doors of opportunities for our clients.

“As long as your going to be thinking anyway, think big.”

By Donald Trump

Mutual Funds Made Simple

What are Mutual Funds?

Simply stated, mutual funds pool money from you and other investors to buy securities—stocks, bonds and other investment vehicles—that are publicly traded in financial markets around the world.

A mutual fund:

- Is run by investment professionals
- Invests according to the fund’s investment objective
- Can have an investment objective ranging from conservative to aggressive—conservative funds generally earn smaller returns with less risk, while aggressive funds generally offer potentially higher returns with greater risk.

Four Reasons to Own Mutual Funds

1. Growth Potential
2. Diversification
3. Professional money management
4. Convenience and flexibility

Growth Potential

Mutual funds may earn money for you in three ways:

1. **Appreciation**: Your fund shares increase in value — or appreciate—when securities the fund owns increase in total value.
2. **Capital gains distributions**: Capital gains result when fund managers sell securities owned by the fund at a profit. Capital gains are distributed to the fund’s shareholders annually or semiannually. As a shareholder, you can choose to reinvest the distribution in additional fund shares or receive cash.
3. **Dividends**: Shareholders may receive dividends—usually quarterly—when companies the fund invests in distribute a portion of their profits or the fund receives other investment income. As a shareholder you can chose to receive dividend checks or reinvest dividends in the fund. Reinvesting dividends may significantly increase the value of your assets.

Diversification

Diversification may help protect you from market highs and lows because you’re not too heavily invested in one company or industry. In other words, all of your eggs aren’t in one basket. Mutual funds allow you to spread out, or diversify, your assets among a variety of investments so you can take advantage of strong areas of the market and minimize your risk when other areas of the market perform poorly.

Because there is no way for anyone to predict which companies and industries will perform well, diversification is the best way to balance your portfolio and is a key component of financial success.

Professional Money Management

Mutual funds are typically headed by a portfolio manager who is supported by a team of experienced investment professionals. This team bases its buying decisions on extensive, ongoing research and analysis. This means that you don’t have to spend thousands of hours performing your own research.

Convenience and Flexibility

Mutual funds offer a number of convenient features, including:

Liquidity: Buying and selling mutual fund shares is as easy as picking up the phone or going online. Your money is readily accessible because mutual funds are liquid assets. Shares may be redeemed for current market value any day the New York Stock Exchange is open.

Exchange privileges: Within a fund company, you can generally move portions of your investments into other funds with different objective as your financial situation changes—with no additional sales charge.

Automatic Investment Plans: Investing the same amount of money on a regular basis, such as weekly or monthly, is a convenient way to benefit from changing market prices. As market prices go up and down, your regular investment will buy some shares at a lower price and some at a higher price. Over time, the price per share will average out. This is called Dollar-cost Averaging. It allows you to potentially own more shares over time at a cheaper price than if you bought all of your shares on one day with one lump sum of money.

Upcoming Seminars

FREE Monthly Financial Seminars are given on the last Tuesday of every month. Previous topics include:

"Should I Pay Off My Mortgage or Invest My Equity"

"Woman and Finances"

"Your Retirement Options"

"College Savings & 529s, What's the Big Deal?"

"Annuities, Good or Bad for Reducing Risk"

"Businesses and Financial Management: The Missing Piece"

RFS is available for speaking engagements with your company, association, or group meeting. Call RFS to see available scheduling.

Variable Annuities

Building your retirement dreams requires a long-term vision. Regardless of what your plan is, whether to travel the world, to explore a new interest, or just to spend a quiet day with friends, you need to be able to fund it. You need an investment vehicle that can help provide you with income for retirement.

Variable annuities are long-term investment products where all interest, dividends, and capital gains accumulate tax-deferred. Additionally, as your investment needs change, tax-free transfers can be made among diversified investment options.

In a variable annuity, taxable distributions (and certain deemed distributions) are subject to ordinary income tax, and if made prior to 59 1/2, may also be subject to a 10% federal income tax penalty.

Retirement dreams are worth far more than the investments they are built upon. For most investors, risk of principal can be one of their greatest concerns because those dreams can become only as strong, or as fragile, as the market. Variable annuities can help alleviate concern over potential volatility.

One potential advantage of a variable annuity is a guarantee that even if the market performs poorly, you will not lose the money that you have invested. This feature could cost extra, so check with a qualified financial advisor before contributing to a variable annuity. Guarantee is based on the claims-paying ability of the issuing company and does not apply to the investment performance or safety of the underlying investment options.

"We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."
By Warren Buffett

Retirement: Is it Possible?

Less than 40 percent of workers indicate they or their spouse currently have a retirement account. More than two-thirds (68 percent) of current workers say they and their spouses have accumulated less than $50,000 in retirement savings. Fifty-eight percent of all workers have not even calculated how much they and their family will need for retirement. Do you fall into these categories? How old do you want to be when you retire? What lifestyle do you wish to live in retirement? Do you know the future value of that lifestyle? It is said that the average American will live into their eighties and possibly their nineties. Do you know how much money you will have to have saved before your retirement date to ensure your income lasts beyond your life expectancy? After all of these calculations, you then need to figure out how much money you should be saving on a monthly basis to ensure you reach your retirement goals. Sound too complicated? Well, this is where Roman Financial Services comes in. Roman Financial Services will complete a FREE Retirement Plan for you and answer all of these questions for you. This plan will include when you can retire, how much you need to save and what lifestyle you will be able to lead. Not interested in having Roman Financial Services complete a FREE Retirement Plan for you? Simply contact RFS and request our FREE "Roadmap to Rollovers, A Guide to Navigating Retirement". This free brochure will take you through the steps you need to make sure that retirement is possible and that you will be living the lifestyle you choose, not the lifestyle your retirement savings chooses.

Creative Investing—Non-Qualified Retirement Plan as a Tax Shelter

"Go for a business that any idiot can run - because sooner or later, any idiot probably is going to run it."

By Peter Lynch

Can a non-qualified retirement plan be used as a tax shelter?

A non-qualified retirement plan is a plan that is not regulated by the IRS and is not subject to ERISA guidelines. Therefore, a business can invest substantial amounts of money for key employees retirement, including their own, and this money is not subject to the current limitations applied to their 401(k) or other retirement account.

Non-qualified retirement plans were developed and designed for those business owners who have long asked the question….

"How can my corporation and my key employees (or even just myself) receive current tax deductions that are meaningful for the funding of a business plan (i.e., retirement, golden handcuff, buy/sell, etc.) and how can I pick and choose the plan participants even if the plan is just for myself?"

There are tremendous benefits to both the business owner and the participant. The corporation not only has the choice of selecting the participants, even if it is just the owner, but is also has certain flexibility each year based upon the corporations' financial situation at that time. In addition, the corporation that chooses two or more participants can also decide on different contributions for each of those selected. Remember, in a non-qualified program the corporation can discriminate in any way they desire, in other words, they can selectively choose who participates and how much they receive.

The participant also has choices in the program that he or she will make each year based upon their own financial status. Most importantly, in all situations that can arise during the course of business, the flexibility of the plan allows the corporation to move with those changes of circumstances that affect their financial situation.

This non-qualified retirement plan uses life insurance and mutual funds (the choice of funds used for the contributions are always decided by the corporation based upon their risk tolerance) as its two main vehicles in the program. These vehicles along with the current tax codes will provide both the corporation and the individual(s) with both current and deferred tax deductions that will exceed the corporate contributions and the employee benefits.

Here's how the plan works (hypothetical): First, Let's say we have a client who wishes to put $100,000 a year away for retirement and needs extra tax write offs for themselves and their business. Such a contribution is not permitted in a qualified plan, but is allowed in a non-qualified retirement plan. The business invests the $100,000 into mutual funds in a margin account. This investment is then margined and a life insurance policy is taken out in the name of the employee (the owner or key employee). The investment pays all expenses, so no money is ever taken out of the business or from the employee, other than the initial investment. The company continues to invest $100,00 each year for 10 years, so the total amount invested by the company over 10 years is $1,000,000.

Margin account and whole life insurance policy continues to occur every year for 15 years. In years 16-25, employee takes a 10% cash deduction per year cash payment from the investment (averaging $109,712.60 per year). By year 25, employee receives over $1,097,000 in "retirement" income, has a life insurance policy of about $1.8 million, which has a cash value in the neighborhood of $891,000. Over 25 year period, the business was able to write off around $2.1 million for their initial $1.0 million investment. If a business owner develops this plan for him/herself, the total amount after 25 years could be as high as $7,753,051.

All numbers are representative of the plan and dependent upon return on investment and other factors. Example uses contributions of $100,000 per year, but this plan can also work with contributions as little as $10,000 a year and other amounts.

These amounts reflect the historical past performance of a growth mutual fund. Past performance does not guarantee future results. Investment return depends upon investment risk and market conditions. Results will vary and may be worth more or less than the original cost, including possible loss of principal. The unused cash value of the whole life policy will provide, tax free, a second stream of income.

To find out if this plan is right for you or to find out additional information about such creative plans, please give Roman Financial Services a call.

Creative Investing—Oil & Gas Investing

Tired of high gas prices? Why not invest in Oil & Gas?

Probably the number one reason why some investors put their capital into oil & gas is because taxpayers are allowed to make a binding one-time election to expensing intangible drilling and development costs (IDC). What does this mean in English? Well, this election generally permits an immediate write-off of expenditures that would otherwise be capitalized and amortized. This deduction could be as high as 85% of your initial investment.

The structure of the domestic oil and gas industry has changed signifiantly since 1986. According to the Energy Information Administration (EIA), smaller companies now have access to advanced technologies and can find oil and gas at comparable costs to the majors. The majors continue to sell off domestic U.S. properties and take the cash into higher risk but higher return areas internationally and offshore U.S. The smaller companies continue to play an important role in the development of U.S. oil and gas reserves which is critical to our economic and national defense policies.

Those looking to participate in domestic oil and gas ownership, can benefit from working with an independent more than ever before. This is due primarily because the opportunities are increasingly better and also because participating through an Independent allows the participant the maximum tax benefits available to domestic oil and gas exploration and development.

Oil & Gas investing offers very unique opportunities to the right investor.

Additional benefits of investing in oil & gas include:

1. Intangible Drilling Costs (IDC) are written off 100% against adjusted gross income (taxable income), thus lowering taxable income. IDC can vary from 65% to 95% of total unit cost.
2. Lease and Well Capital Costs (TDC) are principally for equipment such as pumpjacks, tankage, wellheads, etc. are are typically capitalized and depreciated over seven years, unless Section 179 is invoked.
3. Lease Operating Expense (LOE) is a fully deductible business expense with the exception of additional capitalized equipment.
4. Oil and Gas Production Income (Depletion Allowance) is 15% tax free income (minimum 15%) with the percentage determined annually by the IRS based on average price of crude oil and other factors.

What does all of this mean? A typical investment of $43,335.00 in a three well project would yield a potential $37,764.00 tax write off in the year you made the investment. This would potentially give you a tax savings of $13,217.00 (based on a 35% tax bracket), lowering your net cash invested for the three well project to $30,118.00.

Interested in learning more about the oil & gas industry and investment? Contact Roman Financial Services to get more information.

Oil & gas investing can be very risky. Always consult a licensed professional before any investment and to determine if investing in oil & gas is right for you.

2008 Retirement Contribution Limits

Retirement Account Contribution Limits for 2008

Plan Type	2007 Limits	2008 Limits
IRA, Traditional & Roth	$4,000	$5,000
401k, 403b, 457	$15,500	$15,500
SIMPLE	$10,500	$10,500

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RFS has Teamed with TrainingPros

To bring RFS' business clients more products and services, Roman Financial Services has recently joined forces with TrainingPros. TrainingPros provides highly qualified human performance professionals on a contract project basis. Unlike other consulting or staffing companies that are "a mile wide and an inch deep," TrainingPros specializes in providing human performance professionals who have deep expertise in organization development, instructional design, eLearning development, training delivery and facilitation, technical writing and editing, change management, project management and human resources.

TrainingPros' years of experience as practitioners in the training and human performance industry means our management team truly understands your needs, and have:

- Conducted needs assessments
- Developed training strategies and curricula
- Planned and managed large scale performance improvement projects
- Facilitated organization development initiatives
- Designed, developed and delivered blended training solutions
- Delivered and facilitated technical and soft skills training

Give Roman Financial Services a call to discuss how RFS and TrainingPros can improve the human performance & training in your company.

Social Networking Event
Lunch Cruise —$20 per person
May 23rd, 11:30-1:00 (RSVP Required)

Frisco Financial Group

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