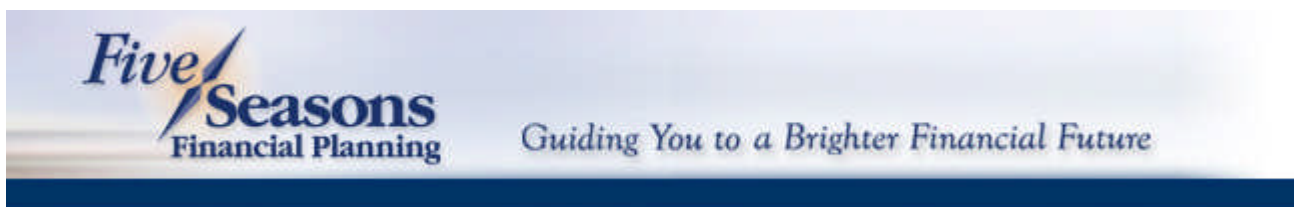


Paul Winter

From: Paul N. Winter, MBA [pwinter@fiveseasonsfp.com]
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Seasonal Musings

November 2006

Musings In This Issue

The UESP Can Help You Pay for the U

Night and Day

Parting Thoughts

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Hi Paul,

Welcome to another issue of "Seasonal Musings", the online newsletter from Five Seasons Financial Planning (FSFP). This month we'll discuss recent changes to Utah's 529 plan, and the difference between Fee-Only and fee-based investment advice. As usual, if there are financial planning or investment topics you'd like us to cover in future issues, please drop us a line.

**The UESP Can Help You Pay for the U
A Review of Our 529 Plan**

Education is obviously a hot-button issue in Utah, and especially so during election season. One aspect of education funding that we should be able to come together on, however, is that we are lucky to have one of the best 529 plans in the country here in the Beehive state. With its stingy expense



structure, low-cost Vanguard investments, and flexible allocation options, I even recommend it to out-of-state clients under the right circumstances.

The icing on the cake for those of us Utah residents investing in the Utah Educational Saving Plan (UESP) is that we receive a state tax deduction up to \$3,120 in 2006. Starting next year, though, there will be a slight twist to this tax incentive to participate. Each spouse filing taxes jointly will need to own his/her own UESP account for the same beneficiary in order for the couple to take full advantage of the \$3,240 deduction.

For those of you Utahns who have chosen to use other vehicles to save for your kids' college expenses (or have been sold an out-of-state 529 plan) it may make sense to roll those balances into the UESP. These direct rollovers may also qualify as contributions entitled to the state tax deduction. Keep in mind that only one rollover is permitted per 12-month period, and that other considerations may outweigh the state tax benefits of UESP contributions for Utah residents.

The tax laws offer a variety of ways to save in a tax-advantaged manner for college, or to reduce the after-tax burden of your kids' educations through "tax scholarships". If you would like to discuss these strategies, please drop us a line.

Night and Day

Fee-Only vs. Fee-based Investment Advice

In past issues, we've discussed the impotence of the new "Merrill Lynch" rule in regulating how brokers disclose their conflicts of interest to clients. We've also touched on the confusion that many consumers of financial services have regarding terminology such as "fiduciary". Another misconception that many people (including related professionals) struggle with is the difference between Fee-Only and fee-based advice. These terms are frequently used interchangeably, but the differences between the two are like night and day.

As of July 2005, the SEC requires that brokerage firms offering **fee-based** advice must make the following disclosure:

"Your account is a brokerage account and not an advisory account. Our interests may not always be the same as yours. Please ask us questions to make sure you understand your rights and our obligations to you, including the extent of our obligations to disclose conflicts of interest and to act in your best interest. We are paid both by you and, sometimes,

by people who compensate us based on what you buy. Therefore, our profits and our salespersons' compensation may vary by product and over time."

Obviously, this stands in stark contrast to **Fee- Only** advisors who are required by law to place client interests before their own, and to disclose potential conflicts of interest via their Form ADVs.

A recent survey by TD Ameritrade reveals that the new disclosure requirement imposed on broker- offered **fee-based** accounts has been useless in changing investor perceptions. After reading the previous disclosure, 79% of investors surveyed say that they would be less likely to go to a brokerage firm for financial advice. Obviously **fee-based** clients are not receiving this message.

The Consumer Federation of America and National Institute for Consumer Education have co-produced an informative guide on the differences between Fee- Only and fee-based advice, and it's available by clicking [here](#). And you can read the complete TD Ameritrade survey on investor misperceptions [here](#).

There are over 660,000 financial advisors in various guises in this country, but fewer than 1,000 **Fee- Only** members of NAPFA. Please help spread the word that objective, professional financial advice is available by passing on these consumer aids to friends, family and co-workers.

Parting Thoughts

"Advisers paid on commission need to sell you investments to make a living, so focus instead on fee- only planners who charge by the project or by the hour (usually \$150 to \$250) Before committing, request a sample plan to see if the advice is clear and addresses the issues you want solved." - Asa Fitch, Money Magazine, October 2006

Happy Thanksgiving!

Five Seasons Financial Planning is a Fee-Only financial planning and investment advisory firm registered with the state of Utah. Five Seasons offers financial planning services on an hourly basis, as well as discretionary investment management.

One of the benefits of working with a Fee-Only investment advisory firm is full disclosure. To receive a copy of our Form ADV, which details a variety of information about Five Seasons, or our Privacy Policy, please use the contact information below.

Best wishes,

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