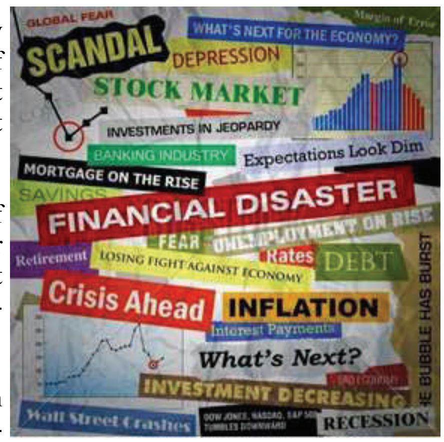
The Goodman Report

Fall 2011

Extra, Extra! Read All About It!

By Jeanie Weathington, CFP®
Director of Research



Even though we no longer get our news from the paper boy hawking newspapers on the corner, we still pay a lot of attention to the news. And given the advent of the Internet and around-the-clock cable news shows, we can get that news 24/7, 365 days a year.

With this influx of news, it's easy to fall into the trap of thinking the news is urgent, meaningful, and critical for making investment decisions. However, the news is just fleeting headlines, with the story often skewed and not accurately portraying reality.

The screaming headlines work both ways – showing both positive and negative news. The negative headlines, however, are more prevalent than positive ones because negative news has more of an impact, with people paying more attention to those. Either way, paying too much attention to the headlines can cause problems for your investment plan. Too much positive news creates exuberance that can cause investors to ignore funda-

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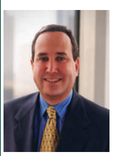

Unlocking Those Trusts Held Captive by Banks & Corporate Trustees

By Steven R. Goodman, CPA, CFP®
President & Chief Investment Officer

Many a trust is perceived as being held captive by its current corporate trustee (bank trust departments or other institutional trustees). Freedom may be at hand, allowing for a more responsive, possibly lower fee alternative.

Goodman Financial Corporation has long had many trust accounts under management, typically testamentary trusts (created under a will), educational trusts, and living trusts. These trust accounts previously all had one thing in common, individuals serving as trustees. Many a time we have been asked about our ability to be named trustee or take over as trustee, either for an individual or a current bank trustee. In many cases, clients, their parents, or other family members are beneficiaries of trusts set up generations ago, that appear to be locked in at a bank trust department. Possibly the trust was set up by one's ancestors at a local community bank, that may have long been swallowed up by a larger institution, and the original trust officers, and any familiarity with grantor intent is long gone. As Goodman Financial is not a trust company, we cannot serve in that role, but we do have a solution.

For many years, we have done due diligence on independent trust companies that follow the directed trustee model. We have passed on many, but one has stood out – Advisory Trust Company, a subsidiary of 108 year-old Wilmington Trust, itself a subsidiary of M&T Bank, an institution with $79 billion in assets. Advisory Trust functions as the corporate trustee, while the client relationship and all investment management can remain with the experienced staff of Goodman Financial.

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The Letter of Instruction - The Unsung Hero of the Estate Plan

By Wade Egmon, CPA, CFP®
Client Service Manager

In last Spring's newsletter I wrote an article titled "Estate Planning for Everyone" in which I discussed the four main estate planning documents that everyone should have in place – a will, durable power of attorney, durable health care power of attorney, and a living will. For a copy of that article, go to www.goodmanfinancial.com and click the "Publications and Media" link.

While having the above documents in place is paramount, they don't ensure that your estate is administered smoothly and hassle-free. That is why we suggest each estate plan include a letter of instruction. A letter of instruction is an informal document that provides detailed information necessary for making funeral arrangements and settling your affairs according to your wishes. It includes information that is not covered by your will or other estate planning documents, but can save your executor and heirs a world of trouble.

Since the letter of instruction is not a legal document, it can be prepared in any format you desire. This document can be typed or handwritten and, as a result, can be updated quickly and easily without the assistance of an attorney. It can and should be updated periodically to ensure it is consistent with your wishes and that the information included is current. The items below are often included in a letter of instruction.

Name, addresses, email addresses, and phone numbers of important contacts – Your executor(s) may not be aware of who to contact after you pass away to get important information, to help plan funeral logistics, or just to notify of your passing. Therefore, a letter of instruction should include the contact information for the people below.

- Family and friends to contact directly
- Your attorney and financial advisor(s)
- Life insurance agent(s)
- Property and liability agent(s)
- Present and/or former employers
- Business associates
- Clergy, Funeral director
- Doctors

Location of important documents - Often, many records that would be helpful in the administration of an estate may not be easily located. Having quick access to appropriate documentation is key to the orderly administration of an estate. Therefore, we suggest the following records below be listed in the letter of instruction along with their locations.

- Will, Trust documents, Living Will, Powers of Attorney
- Birth certificate
- Marriage certificate; Divorce decree
- Income tax returns (most recent 3 years)
- Insurance policies (individual and employer-provided)
- Property deeds
- Social Security card

Inventory of assets and liabilities – Without a letter of instruction, locating the assets of an estate can be a huge challenge for the executor and heirs. In the case of life insurance, insurance companies will not pay out death benefits until the executor provides them with a death certificate or letters testamentary. If the executor is not aware of a life insurance policy, the policy could go unnoticed and expire, robbing the estate of significant assets and circumventing pre-death planning. For this reason, we recommend that the letter of instruction include an inventory of all assets and liabilities, including proper descriptions, account numbers (and login information in the case of online accounts), and locations of the property, including the items below.

- Safety deposit boxes (including inventory of the box contents)
- Checking and savings accounts
- Investment accounts and other stock and bond holdings
- Real estate, including associated liabilities
- Insurance (life with beneficiaries, property, liability, medical, accident, disability)
- Retirement accounts, including beneficiaries
- Annuities, including beneficiaries
- Mineral and royalty interests
- Storage units (offsite ministorage)
- All debts

Miscellaneous information – Your wishes regarding the items below can also be relayed in the letter of instruction.

- Funeral instructions and preferences
- Location of burial lot
- Donation of organs – copy of donor card or other instructions
- Personal property division desires (if no personal property memorandum in will/trust)
- Obituary information
- Specific discussion as to intent as it pertains to any testamentary trust(s)
- Post office box number and key location
- Utility and subscription information

Note, a letter of instruction should act as a supplement to the estate planning documents and should never contradict them. Having this document in place can save your executor(s) and heirs a world of trouble and can help maximize the wealth that you transfer upon your death. As always, if you have any questions about the letter of instruction, Goodman Financial is here to assist you.

Extra, Extra! Read All About It! (continued from page 1)

mentals and take on more risk than they should. Too much negative news causes investors to panic, which can cause them to abandon their investment plans.

One of our roles as an investment advisor is to help clients stay the course in good times and bad. As part of this, we help keep clients aware of what is going on in the markets so that they can understand how it might impact their portfolios. A key component of this is helping clients know what is relevant and what can be ignored.

As investment advisors, we are constantly sifting through all the news and reports to uncover the relevant information that could have an impact on investments. We then do further research to determine how meaningful that information is and how it specifically could impact the overall economy as well as specific sectors, industries, and companies. Based on our thorough research, we take action appropriately, with sometimes the appropriate action being no action at all.

With the presidential election just a little over a year away, the candidates have already begun their campaigns, with the campaigning to increase immensely as it gets closer to the election in November 2012. With that campaigning will come an influx of headlines and claims about the state of the economy as the candidates try to get the American vote. Given the inherent nature of campaigning, the news will be negative in nature, which will cause extra volatility in the markets as investors overreact to the headlines. Once the election is over, this temporary factor will be removed, and the markets should settle down. It is important to remember that investing is for the long-term, and short-term fluctuations smooth out over time.

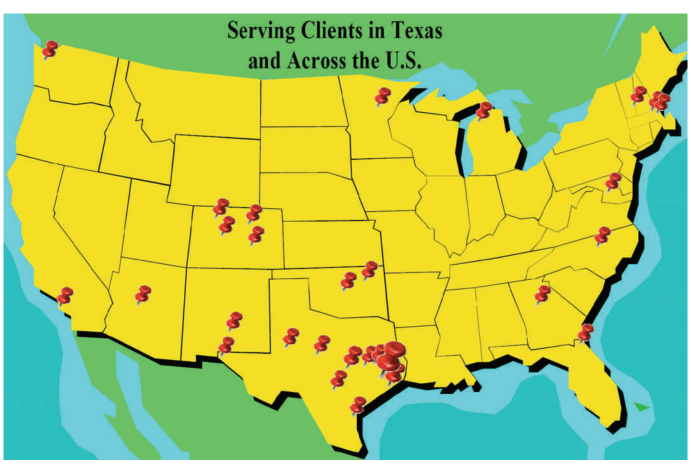
By keeping the news in perspective, we are able to help clients stick to their investment plans by keeping them from overreacting to irrelevant news. Not reacting to the hype is perhaps one of the hardest parts of successful investing, but it is our job and we do it well. As our tagline says, ***Sensible Investing ▪ Successful Results***.

Unlocking Those Trusts Held Captive by Banks & Corporate Trustees (continued from page 1)

This allows our professional staff, which is most familiar with client needs and direction, to provide a level of service rarely found these days with bank trust companies.

While it is easiest to set up this arrangement with newly formed trusts, it is available for existing trusts. Most trusts have provisions for portability, usually via termination of the existing trustee. While those corporate trustees would have you believe that they cannot be fired (as their bank or trust company was selected by the grantor), in most cases they can be replaced if the beneficiaries choose to do so. Advantages of replacement may be better service, greater responsiveness, lower fees, and improved investment results. That latter item is key, as bank trust departments may be populating the account with high fee proprietary products. The staff at Advisory Trust is quite proficient at assisting in the process of helping replace unwanted corporate trustees.

If you are a party to a trust that needs to be freed from its current financial institution, please feel free to call on us to advise if the directed trust approach is right for your circumstance.



Growing Through Referrals

We have grown to service clients in 16 states, from North to South, East to West, as well as a few outside of the United States.

Many of the non-Texas clients are friends, families, and co-workers referred by our current clients, as well as a number of clients who we continue to serve as they have retired to other locales.

If you are aware of someone who could benefit from our services, please refer them to information on our firm at our website **www.goodmanfinancial.com**.

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Philanthropy

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The Goodman Report

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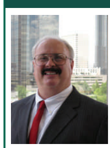
FOCUS ON EDUCATION



Socially Speaking

By Ed Roth, CFA, CPA, CFP®, CEBS
Vice-President, Investment Advisory Services

In late July, over 50 of our clients and their guests gathered at Grotto in Houston to hear Ms. Elaine Hermsen speak on all aspects of Social Security.

Ms. Hermsen is a renowned expert on Social Security and her presentation was highly anticipated and well received. By using real life examples and her vast knowledge, she illustrated that it is often appropriate to evaluate multiple strategies before simply claiming Social Security benefits at one's normal retirement age. Among the Social Security topics she discussed: at what age to begin receiving retirement benefits, divorced spouse and surviving spouse benefits, approaches to maximize retirement benefits, the file and suspend strategy and special issues regarding Medicare. She also answered several questions from the audience.

The pictures to the right exemplify that those in attendance shared lively conversations and enjoyed food and drink. We sincerely appreciate our clients and look forward to get-togethers in the future.