



**Greater Philadelphia – Society of Financial Service Professionals
Electronic Newsletter - KeyFacts – September 2009**

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The Society's purpose is to substantially enhance the wisdom and capabilities of credentialed financial service professionals. The Society makes its members more productive and better able to serve clients by delivering advanced knowledge and networking on a peer to peer basis. We provide ethical guidance and the prestige of belonging to a respected financial society.

We are the only professional organization in the industry that requires its members to be credentialed or actively pursuing one of these widely-recognized financial service designations or degrees: CLU, ChFC, CFP™, CPA, JD (licensed attorney), RHU, REBC, CLF, CFA, CTFC, MSM, MSFS, CASL™ or CEBS®. If you have a FLMI or LUTCF you may become an Associate member.

Why Should You Belong? – www.gpsfsp.org or www.financialpro.org



President's Message

Jonathan S. Corle, CLU, CFP
Tycor Asset Management, Inc.

It is an honor for me to serve as your Chapter President. Thank you for the opportunity to work with our membership and its board to continue the growth and success of our great professional society. Congratulations are in order as we celebrate being named Chapter of the Year for the second year in a row. Let's see if we can make it a "hat trick" this year. Our goal this year is to increase membership and increase the value of membership.

As the only credentialed, multi-disciplinary professional society in financial services, we have a great deal to offer members and eligible prospective members at both the local and national level. Thank you for your continued membership, support and participation, and please encourage your colleagues to join us and get involved. We continue to change to be consistent with the Society's vision to be "a multidisciplinary network of credentialed financial professionals." We start this with our Board, which contains attorneys, CPAs, RHUs, specialists in Group Benefits, Pensions, and Disability and Trust Officers, in addition to CLUs, ChFCs and CFPs. Our diversity has made us the model for other Chapters trying to grow, broadens our network of affiliated professionals, and helps us to deliver interesting and exciting programs.

Our upcoming program on October 22nd "Estate Planning for the Closely Held Business Owner" with the Philadelphia CPA Institute - is an example of both high level education and enjoyable networking. This program will be of special interest to business owners and their advisors presented by local experts. I hope to see you there. Our calendar is being completed for the year and the various committee chairs have worked hard this summer to present interesting topics, great presenters and diverse venues. Please look at the calendar link on our website for upcoming dates and events.

We will be continuing our community outreach with Habitat for Humanity by offering the pro bono series of financial education seminars that have been so well received in the past. This is a very rewarding experience and a great way for individual members to be involved.

The University Partners program now includes Drexel and Widener and we hope to add some of the other local colleges this year. This is a great opportunity for us to build relationships with the next generation of financial professionals, and you will hear much more about this in the coming year.

I believe it is safe to say that we have all had a challenging year. One of the values of membership is our ability to share ideas and experiences so we can remain confident in helping our clients through trying times. Finally, I just want to **THANK YOU** again for being a member, and I hope that we can continue to bring and add value to your membership. We are committed to make the Greater Philadelphia Chapter even greater!



Greater Philadelphia Chapter Is Tops Again! *Winning First Place in the SFSP Excellence in Chapter Achievement Awards*

The Excellence in Chapter Achievement program set a record this year with 67 FSP Chapters participating. The Greater Philadelphia Chapter outperformed all the other Chapters in their size category in the recruitment of new members and retention of current members. Additionally the Greater Philadelphia Chapter took first place in the Gold and Silver categories where 65 Chapters finished as Gold Medal of Honor winners and 2 as Silver Medal of Honor winners. Congratulations to all our members for being tops!

Time to Renew Your Membership

Membership in SFSP and your local Chapter is due October 1st. You can help by renewing on time and online. If you wish to renew online OR if you would like to pay your dues by a monthly bank draft, go to: www.financialpro.org/Membership/memberapp2.cfm

The Bank Draft payment option allows you to break down your FSP membership dues and Foundation contribution into monthly installments. Thank you for your membership and participation.

Member News & Notes

Welcome Back to Former Members and to the New Chapter Members

June 1 to August 31, 2009

Renzo Cerabino, CFP, CLU - M & T Investment Group
Robert Cohen, CPA, JD - Riley Riper Hollin & Colagreco
Justin DeLuca, CFP, CLU, ChFC - Mass Mutual Financial Group
Keith Donnell, MBA - Oppenheimer & Co
Jason Dyke, MBA
David Dzendzel, CRPC, CFS - Ameriprise Financial Services
Giles X. Letlough, CPA - First Judicial District
Brian Mora, CFP - Ameriprise Financial Services
John Pauciulo, BA, JD - White & Williams
Tim Riddle, CFP, MBA - Chartwell Investment Partners
Christy Robinson, CFP, ChFC - Ameriprise Financial Services
Amanda Salyer - John Hancock Financial Services Inc.
Scott Warshaw, CPA, MSFS - First Financial Group
Allen Weldman, CFP, ChFC - Ameriprise Financial Services
Anita Zippert, CFP - The Haverford Trust Co..

Topics, Speakers & Meeting Rooms?

Chapter Board members are busy working on educational programs to begin in September. Your topic and speaker suggestions are welcomed. If you have a meeting room that would hold at least 25 people, please let us know. Kindly email any ideas and suggestions to the Chapter – gp-sfsp@association-cba.org

Article: Preparing Your Business Now For A Sale Later

Jim McCormick, CFA

Boenning & Scattergood, Inc.

Understandably, most middle market private business owners are so focused on the day-to-day demands of their business that they rarely think about what can be done today to prepare for a possible sale of the company in the future. However, there are measures that owners can implement prior to a sale that will provide near-term operational benefits as well as enhance the value of the business and facilitate an eventual transaction.

Hire a qualified outside accounting firm

Many buyers, both strategic and financial, utilize accounting firms to perform financial due diligence. This process can be overwhelming if the seller has no experience working with outside accountants. Additionally, the buyer's accounting firm may challenge the seller's accounting practices and, consequently, its historical financial results. In this type of situation, it is best if the seller can enlist its own outside accountant to debate and resolve the issues. Having audited annual financial statements in place is one of the best ways a business can prepare for the rigors of buyer due diligence and is something that is well worth the incremental cost.

Preparing for an eventual sale

- Hire a qualified outside accounting firm
- Prepare an annual budget / forecast
- Plan for succession
- Address potential environmental, regulatory, or legal issues
- Get educated about the sale process

Prepare an annual budget / forecast

Most private businesses do not prepare an annual budget or interim forecast as the year progresses. Ironically, a budget or forecast is one of the most common items requested by buyers. While the concept of preparing a forecast may seem daunting a first, the discipline of the budgeting process can be very helpful in terms of developing the company's growth strategy and vision for the future. Forecasts can also be helpful in getting buyers to focus prospectively during the sale process.

Plan for succession

To the extent an owner who is active in the business wants to retire post transaction, it is beneficial if a successor management team is already in place. This can be a very difficult issue for business owners to address, especially when it involves assessing the capabilities of other family members involved in the business. It also may also require raising the concept of selling the business with key employees or implementing an equity incentive plan for non-family members to participate in the proceeds of a future transaction. While we recognize that these are highly sensitive subjects, those that address succession issues prior to pursuing a sale are much better equipped for the demands of the sale process.

Address potential environmental, regulatory, or legal issues

To the extent a business owner is either aware of or suspects that there may be potential environmental, regulatory, or legal issues that would concern a buyer, it is best to address these matters before going out to the market. Some may subscribe to the "don't ask, don't tell" philosophy; however, the worst time for a proverbial skeleton to fall out of the closet is in the midst of a buyer's due diligence.

Get educated about the sale process

Even if a sale of the business is not imminent, we believe business owners are well served to educate themselves about how businesses are valued and how a sale process would work. One cost effective way to get educated is to develop a relationship with an investment banker, who can provide insights into how the business would be valued and the universe of potential buyers. This education process often helps owners identify additional ways in which they can enhance the value of their business as well as bring to light estate planning matters that are best addressed prior to embarking on a sale process.

Jim McCormick, CFA is a Managing Director of Investment Banking for Boenning & Scattergood, Inc., which is one of the oldest independent investment banking and securities firms headquartered in the Mid-Atlantic region. Jim provides a wide range of investment banking services to middle market privately held and publicly traded companies, including mergers and acquisitions advisory, private placements of equity and debt, and public offerings. You may contact Jim at (610) 832-5311, or e-mail him at jmccormick@boenninginc.com.

National Society News

2009 FSP FORUM in Phoenix, Arizona

October 26-28, 2009

Pointe Hilton Tapatío Cliffs Resort

A Financial Professional's Meeting Unlike Any Other!

Get Your CE Credit—Earn up to 12 hours of CE! More for Attorneys and CPAs

► To register or to obtain more information, go to <http://www.financialpro.org/program/forum/content/index.cfm>

Who Should Attend the FSP Forum?

The FSP Forum is for all financial professionals (agents, planners, advisors, insurance professionals) who want the best in advanced continuing education no matter what the practice specialty or discipline. Attorneys and CPAs also will find many sessions of interest and benefit from the broad scope of the program.

Special Article from SFSP: Best Practices for Getting Boomers to Prepare for Retirement



[Presentation](#)

Research Indicates Economic Downturn Hitting Boomers Hardest

<http://www.boomertirement.com/roadshows.html#BestPractices>

Information about this project can also be found on the SFSP web site – www.financialpro.org

Matt Thornhill, founder and president of the Boomer Project, the consultancy that completed the January 2009 PREP-sponsored research, unveiled new research findings at the Boomertirement Road Shows in February and March. View Matt's presentation to learn insight into the Baby Boomer generation, best practices from top financial planners, and other valuable information shared with financial advisors to help them better prepare for the future with their Baby Boomer clients.

News from Other Associations

The **Philadelphia Estate Planning Council** Invites You to Their Upcoming Meetings – go to <http://philaepc.org>

NAIFA-GP Financial Services Super Day



October 14, 2009

8a.m. - 4:00p.m.

Conshohocken Marriott, Conshohocken, PA

NAIFA-GP's **Financial Services Super Day** brings together the best of the best in the financial services industry for a day of education, information, motivation and networking.

Speakers and subjects will include:

Phillip Richards, CFP, CLU, RHU, Chairman and President of Northstar Resource Group

Herbert E. Taylor, Vice President and Corporate Secretary for the Federal Reserve Bank of Philadelphia.

Ron Duska of The American College "Why People Make Bad Decisions and How to Recognize When You Are Making Unethical Decisions".

Additionally there will be a panel discussion on "Collaborating on High-Net Worth Clients"

► To register, go to: www.naifa-gp.org

Cash Balance Plans: The Pension Plan of the Future?

by **Brad Wexler, QPA, QKA, QPFC, Tycor Benefit Administrators, Inc.**

Without a doubt, 401(k) plans are the cornerstone of retirement planning in America. But as popular as they are, even 401(k) plans have their limitations. Consider the case of a highly compensated employee/owner who contributes the maximum annual amount to their 401(k) plan. Now the employer who wishes to put aside more money for the retirement of these employees can take advantage of a new plan called a "**Cash Balance Plan**". This plan can be used as an additional retirement plan option for companies with high income earners and consistent profits.

A Cash Balance Plan is essentially a Defined Benefit Plan that has some features that resemble a 401(k) plan. Each participant has a hypothetical account and their account increases by both a contribution credit and a guaranteed interest credit (which is not dependent on the plan's investment performance). This guaranteed interest credit is usually the 30 Treasury bond rate in effect the month before the plan year begins (currently 2.83% for 2009 calendar year plans). This plan combines the maximum benefit amount that can be provided by a Defined Benefit Plan with some of the flexibility and portability of 401(k)/profit sharing plans.

Some of the key features of a Cash Balance Plan are:

- 1) Individual Hypothetical Account Balances for each participant;
- 2) Funded entirely by employer contributions;

- 3) Interest credit guarantees;
- 4) Trustee-directed pooled investment account;
- 5) Benefits are portable, so when an employee leaves the company, the vested portion of the benefit can be taken as a lump sum or rolled over to an IRA.

Some advantages of a Cash Balance Plan are:

- 1) Larger contributions/tax deductions;
- 2) Acceleration of retirement savings for older employees;
- 3) Easy for participants to understand since their benefits are stated in terms of a hypothetical account balance;
- 4) More predictable cost than a traditional Defined Benefit plan;
- 5) Competitive advantage in recruiting and retaining key executives;
- 6) Asset protection.

Example (case study) – Suppose Joe (age 55 and making over \$245,000) is a business owner with 4 employees, and is having a good year. He currently has a 401(k)/ profit sharing plan in which he defers the maximum of \$22,000 (\$16,500 + catch-up of \$5,500) and receives a profit sharing contribution of \$32,500 for a total of \$54,500 (maximum for 2009). The other 4 employees receive a 5% of pay contribution, plus what they defer into the plan. It would look like this –

Name	Age	Salary	401(k) deferral	Profit Sharing	Total
Joe	55	\$245,000	\$22,000	\$32,500	\$54,500
EE #1	25	\$30,000	0	\$1,500	\$1,500
EE #2	30	\$30,000	0	\$1,500	\$1,500
EE #3	33	\$30,000	0	\$1,500	\$1,500
EE #4	40	\$30,000	0	\$1,500	\$1,500

It cost Joe \$6,000 to save \$54,500.

However Joe wants to put more away for his retirement. What does he do? He adds a Cash Balance Plan. Here's how that would look –

Name	Age	Salary	401(k) deferral	Profit Sharing	Cash Balance	Total
Joe	53	\$245,000	\$22,000	\$32,500	\$43,500	\$98,000
EE #1	25	\$30,000	0	\$1,500	\$1,000	\$2,500
EE #2	30	\$30,000	0	\$1,500	\$1,000	\$2,500
EE #3	33	\$30,000	0	\$1,500	\$1,000	\$2,500
EE #4	40	\$30,000	0	\$1,500	\$1,000	\$2,500
TOTALS				\$38,500	\$47,500	\$108,000

91% of the contribution goes to Joe!!!!!!

Cash Balance Plan Investments

The assets of a Cash Balance Plan are pooled and then invested by the trustee. If the plan's investment earnings exceed the guaranteed rate, the excess can be used to reduce future employer contributions. Conversely, if the plan's investment earnings are less than the guaranteed rate, then employers must contribute more over time to make up for the shortfall (typically over seven years).

So here are the questions to pose to your clients:

- Do you have professionals seeking to have more than \$49,000 contributed to their retirement plan?
- Are you a very profitable company?
- Is your company a family and/or other closely-held business?
- Is your company a professional group (doctors, dentist, engineers, architects, accountants, lawyers, etc)?
- Are you an older owner who wants to catch up on your retirement contributions?

If they answer "yes" to any of these questions, a Cash Balance Plan may be right for them.

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Chapter Calendar

To register or to obtain more information, go to www.gpsfsp.org

Thursday October 22, 2009

Estate Planning for the Closely Held Business Owner

Co-sponsored with the Philadelphia Institute of Certified Public Accountants (PICPA)

Registration: 1:00 to 1:30pm; Program: 1:30 to 5:30pm; Reception: 5:30 to 6:30pm

Location: Crowne Plaza - Valley Forge, 260 Mall Boulevard, King of Prussia, PA 19406

Cost: \$69 Members; \$89 Non-Members

Continuing Education Credit: Pending

Speakers: Edward L. Perkins, JD, LL.M., CPA, Gibson & Perkins, PC; Quentin Sturm, JD, CPA, The Creative Financial Group; Marc Goldberg, CPA, Rosenfelt, Siegel, and Goldberg, PC

Thursday November 19, 2009

Breakfast Forum: Selling and Prospecting Skills to Succeed and Prosper

Registration and Continental Breakfast: 8:00 to 8:15am; Program: 8:15-9:30am

Location: Haverford Trust, Three Radnor Corporate Center, Suite 450, Radnor, PA

Cost: \$15 Members; \$25 Non-Members

Speaker: Norman R. Lubin, Chairman and Chief Executive Officer, FMS Group, Inc.

Sponsor: The Haverford Trust Company

Thursday January 21, 2010

Breakfast Forum: Estate and Asset Protection Planning for Medical Professionals

Registration and Continental Breakfast: 8:00 to 8:15am; Program: 8:15-9:30am

Location: Fox Rothschild, LLP, 747 Constitution Drive, Suite 100, Exton, PA 19341

Cost: \$15 Members; \$25 Non-Members

Speaker: Derrick Handwerk, Handwerk Wealth Advisors

Sponsor: Fox Rothschild, LLP

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Another GP-SFSP Membership Benefit!

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