

Cohen and Burnett, PC Legacy Analytics, LLC

Winter 2005

Estate and Financial Planning Update



Founding Partner



I. Mark Cohen
JD, LLM & CFP™

This has been a tough quarter for me with the change of Broker-Dealer to Pacific West Securities, the changes at Dunham, both requiring all new paperwork from our clients and the death of my youngest brother, Dale. Dale died of a heart attack at age 44, leaving behind his wife, Korene, but no children. A High School teacher for children involved in the criminal justice system, he was one of those rare people who genuinely dedicated his life to helping others. I will miss him.

It is a strange turn of events where I usually am the one comforting my grieving clients, they were the ones comforting me and for that I am eternally grateful.

Life here goes on. My son, Michael, (16) is now learning to drive and running indoor track. My daughter, Rachel, (14½) is in concert band now that football is over for the season. She recently joined the high school swim team and swam in a meet on her third day. My wife, Kathy, is about to double her teaching load and continue to be the support person that allows the rest of us to do what we do.

For those of you following my triathlons, I have signed up for Columbia triathlon on May 22, 2005. This one is in a lake, not the ocean. You can learn about it at www.tricolumbia.org.

Retirement Seminars

The Bush Administration proposes to partially privatize social security. Their intention is to address the coming social-security shortfall as the baby boomer generation starts retiring. You may want to consider the following facts when pondering the pros and cons of changing social security to allow investment in securities:

- Social Security is the major source of income for most of our Elderly.
- 9 out of 10 individuals age 65 and older receive Social Security benefits.
- Social Security benefits represent 39% of income of the elderly.
- About two-thirds of aged Social Security beneficiaries receive 50% or more of their income from Social Security.
- Soc. Sec. is the only source of income for approximately 20% of the elderly.
- Retired workers and their dependents account for 70% of all beneficiaries.
- Disabled workers and their dependents account for 16% of all beneficiaries.
- About 91 percent of workers age 21-64 in covered employment and their families have protection in the event of a long-term disability.
- Currently 30% of 20 year olds will become disabled before reaching age 67.
- 72 % of the private sector workforce has no long-term disability insurance. Survivors of deceased workers account for 14% of all beneficiaries. One in seven Americans will die before reaching age 67.
- 53% of the workforce has no private pension coverage.
- 32% of the workforce has no savings set aside specifically for retirement.
- In 1940, the life expectancy of a 65-year-old was 12½ years, today it's 17½ years.
- In 30 years, there will be nearly twice as many older Americans as today from 36 million today to almost 74 million in 2034.
- There are currently 3.3 workers for each Social Security beneficiary. By 2031, there will be 2.2 workers for each beneficiary.

Source: Steve Leimberg's Employee Benefits and Retirement Planning Email Newsletter - Archive Message #276

Starting in late January 2005, we intend to host Legacy Analytics Retirement Seminars for those who are retired and those looking towards retirement. Look for a mailing from us with announced dates for the seminars which are presently planned for the McLean Hilton.

Cohen & Burnett, PC and Legacy Analytics, LLC
7601 Lewinsville Road, Suite 460, McLean, VA 22102
Cohen & Burnett, PC (703) 847-8900 Legacy Analytics (703) 847-0965
Fax (703) 847-8902
www.cohenandburnett.com www.legacyanalytics.com

Managing Partner



Weston D. Burnett
JD, LLM & CFP™

This year we had our own version of the twelve days of Christmas. My sister's family stopped off for a December 19th dinner along with my Mother. Two of our children arrived home from school by December 23rd. Finally our son, Ensign Edward Burnett, arrived home, on leave from his ship, on December 27th. I did not know until now that I could get tired of eating turkey.

Pausing to look back on 2004, I find it a special year for many reasons. I had the honor of learning so much from my father who passed away in April; I still miss him every day. The rest of the family is blessed with excellent health, an even better attitude and wonderful friends. I have the added pleasure of being engaged by clients here, whom I really like helping, so that coming to work each day is a pleasure so long as I get to see people like you.

Thank you.

My hopes and wishes for the coming year are for our armed forces: the soldiers, sailors, marines, airmen, coast guard and others on our behalf, who are spread all over the globe making sacrifices, sometimes the ultimate sacrifice, for us.

Pacific West Securities

For over seven years, we have been affiliated with H. Beck, an independent broker-dealer with home offices in Rockville, Maryland. We recently found that they were making changes that we determined were not in the best interests of our clients. After a careful search, we settled on another independent broker-dealer, Pacific West Securities. Pacific West Securities, Inc. is an independent broker/dealer headquartered in Renton, Washington. The firm was incorporated in 1972 and currently has over 260 registered representatives. The home office staff is knowledgeable and responsive, with expertise in compliance and due diligence that is truly impressive. We look forward to working with them. We believe this change will enable us to continue providing the kind of quality investments and personalized service you have come to expect from our firm.

Free Credit Reports

Government statistics indicate that 10 million consumers are harmed every year by identity theft. In order to help fight the problem, Congress passed the "Fair and Accurate Credit Transactions Act" last year. The act includes a provision to allow consumers to receive a free credit report every year from each of the three credit agencies; Equifax, Experian, and Trans-Union. The bureaus will ask for the following information: 1) name, 2) date of birth, 3) Social Security number, 4) address, and 5) prior address if you have moved in the last 2 years.

The free credit reports will not include FICO scores, which are used by lenders to compare different potential debtors. The bureaus are using the free reports as an opportunity to market their fee based products that fall into two main categories. The first is offering FICO scores, and the second is offering continuous credit reporting. The continuous reporting sends you alerts each time a change is filed to your credit score.

When reviewing your credit report it is important to examine the following:

1. Personal information (i.e. name, address, social security number, etc.)
2. Credit summary to ensure that payments reflect payments that you have actually made
3. Public records, make certain that court judgments and liens are yours
4. See who has been checking your credit, if you have no relationship with a company checking your credit it may be an indicator of attempted identity theft

Sources: Washington Post (Caroline Mayer "A Potential Credit Score", 11/24/04) Wall Street Journal (Ruth Simon "Free Credit Reports Are on the Way", 11/24/04)

Laughing so hard it hurts.

Lawyer: Is your appearance here this morning pursuant to a deposition notice which I sent to your attorney?

Witness: No, this is how I dress when I go to work.

Lawyer: What was the first thing your husband said to you when he woke that morning?

Witness: He said, "*Where am I, Cathy?*"

Lawyer: And why did that upset you?

Witness: My name is *Susan*.

The case of the Junior Partner

A junior partner in a firm was sent to a far-away state to represent a long-term client accused of robbery. After days of trial, the case was won, the client acquitted and released. Excited about his success, the attorney telegraphed the firm: "**Justice prevailed.**"

The senior partner replied in haste: "**Appeal immediately.**"

Valentine's Day

A guy walks into a post office one day to see a middle-aged, balding man standing at the counter methodically placing "Love" stamps on bright pink envelopes with hearts all over them. He then takes out a perfume bottle and starts spraying scent all over them.

His curiosity getting the better of him, he goes up to the balding man and asks him what he is doing. The man says "I'm sending out 1,000 Valentine cards signed, 'Guess who?'"

"But why?" asks the man.

"I'm a divorce lawyer," the man replies.

Tax Relief

In October 2004, the **Working Families Tax Relief Act of 2004** was passed with many provisions affecting individual taxpayers and families. Examples of areas affected include:

1. Tax cuts due to expire in 2005 were extended through 2005 and beyond.
2. The ten percent tax bracket was expanded and extended through 2010. In 2004, the amounts taxed at the 10% rate are (because of inflation adjustments): \$7,150 for single filers, \$10,200 for heads of household, and \$14,300 for joint filers and surviving spouses.
3. Individual Alternative Minimum Tax relief extended through 2005.
4. Marriage penalty relief extended through 2005.
5. \$1,000 per child tax credit retained.
6. Teacher's out-of-pocket classroom expenses deduction extended through 2005.
7. Tax incentives for qualified electric vehicles and clean-fuel vehicle property.
8. Uniform definition of child for purposes of dependency exemption, child credit, earned income credit, dependant care credit, and head of household filing status.
9. Extensions of business or investment tax benefits for: Research, work opportunity and welfare-to-work credits; Enhanced Deduction for Corporate Donations of Computer Technology and Equipment; Credit for Electricity Produced from Certain Renewable Resources; Expensing of Brownfields Environmental Remediation Costs; and suspension of Taxable Income Limit on Percentage Depletion from Oil and Natural Gas Produced from Marginal Properties.
10. Other provisions, generally extended through 2005, include: Archer Medical Savings Accounts; Qualified Zone Academy Bonds; Tax Incentives for Investment in the District of Columbia; Indian Employment Tax Credit; and Accelerated Depreciation for Business Property on Indian Reservations.

Great Court Room Moments

"We the jury, find *our client* not guilty." Municipal court, Fort Smith, Arkansas in a drunkenness case in 1933.

Great Quotes: A banker is a fellow who lends you his umbrella when the sun is shining, but wants it back the minute it begins to rain. **Mark Twain** *US humorist, novelist, short story author, & wit (1835 - 1910)*

Laughing so hard it hurts.

"The first thing a lawyer learns in law school is never ask a witness at a court proceeding any question he doesn't know the answer to!"

Lawyer: Doctor, how many autopsies have you performed on dead people?

Witness: All my autopsies are performed on dead people.

Lawyer: Doctor, before you performed the autopsy, did you check for a pulse?

Witness: No.

Lawyer: Did you check for blood pressure?

Witness: No.

Lawyer: Did you check for breathing?

Witness: No.

Lawyer: So, then it is possible that the patient was alive when you began the autopsy?

Witness: No.

Lawyer: How can you be so sure?

Witness: Because his brain was sitting on my desk in a jar.

Lawyer: But could the patient have still been alive nevertheless?

Witness: It is possible that he could have been alive and practicing law somewhere.

Lawyer: How was your first marriage terminated?

Witness: By death.

Lawyer: And by whose death was it terminated?

Lawyer: So the date of conception (of the baby) was August 8th?

Witness: Yes.

Lawyer: And what were you doing at that time?

Lawyer: She had three children, right?

Witness: Yes.

Lawyer: How many were boys?

Witness: None.

Lawyer: Were there any girls?

Greetings and Referrals

Dear Friends and Clients,

I want to take this opportunity to thank you for being our clients and friends. (Also let this letter act as an introduction to those of you reading this that I have not had the chance to meet yet).

While I normally eschew taking any of the limelight, I thought it was necessary to step into the public eye as my name will probably be spoken more often now that we are in our full growth mode. (My job is to show the whole world how wonderful Mark, Wes, and the rest of the staff are, and pick out the jokes for the newsletter).

In my position as Director of Communications I have had an opportunity to meet personally with many of our clients over the last four months, and I look forward to meeting the rest of you.

The reoccurring theme of all of these meetings has been one of gratitude and praise of Mark and Wes and indeed the entire Legacy Staff. In professional business communications it is a wonderful feeling to know that the people you work with and the service that they provide is of the highest caliber.

Part of my function here at Legacy Analytics is to help Mark and Wes spread the word about the incredible services that they offer to people just like you. I know that Mark and Wes would certainly appreciate hearing from you about the friends and acquaintances of yours that we may be able to serve in the same manner as you.

Being of the opinion that friends help each other, I would ask you to refer your friends and acquaintances to Mark or Wes. You will have facilitated the classic win-win scenario. If you have friends that would just like some information, please call me and I will forward all of the information needed to help them.

Paul Coté
Director of Communications

