



Kobrin Quarterly

Financial & estate planning news that you can use

KOBRIN
Financial Services

Spring 2011

Warren Buffet's "Rules of Investing" by Donald B. Kobrin

Rule #1: Never lose money

Rule #2: Never forget Rule #1

If you are planning to retire in the near future, or perhaps you are retired and living off your equity investments, maybe it's time to consider Warren Buffet's advice above.

Recently, in what seemed like a blink of an eye, major events unfolded that could potentially destroy the advances of late in the market.

I'm speaking of the unrest and rebellions occurring in many of the mid-east countries sending uncertainty about oil availability and skyrocketing gas pump prices and the recent devastation in Japan will severely weaken an already struggling economy. In our ever increasing global economy what happens in almost any part of the world impacts every stock market.

So here we have many strong indicators that our

economy is strengthening only to be undermined by global occurrences not within our control. Talking about "our control", a study by TrimTabs Investment Research found that while the S&P 500 had an average level of 1,171 in the last 10 years through July of 2010, the average dollar was invested in stock funds at an index level of 1,434, guaranteeing disappointment.

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What is financial abuse? From Elder Financial Protection Network

Elders can be taken advantage of or abused in a variety of ways, including physically, emotionally, sexually, and financially. Financial elder abuse is a crime, and it is on the rise. In 2009, MetLife Mature Market Institute released a report, Broken Trust: Elders, Family and Finances, stating that up to one million older Americans may be targeted yearly. The related costs (e.g., for health care, social services, investigations, legal fees, prosecution, and lost income and assets) for older Americans exceed \$2.6 billion annually.

At an age when the labors of a lifetime should be enjoyed, many elders are being exploited by con artists, unscrupulous companies, caregivers, and even trusted family members. The outcome often is devastating. Without

financial resources, physical and emotional well-being decline. Elders lose their independence.

The laws defining the abuse and exploitation of elders vary from state to state. According to California State Welfare and Institutions Code, Section 15610.30, financial abuse is "a situation in which a person, including but not limited to, one who has care or custody of or who stands in a position of trust, of an elder or dependent adult, takes, secretes, or appropriates their money or property, to any wrongful use, or with the intent to defraud."

Financial abuse also includes the illegal or improper use of an elder or dependent adult's financial resources.

A growing problem, financial abuse of elders and de-

pendent adults is on the rise. In 2002, 250,000 cases of vulnerable adult abuse were reported in California, with approximately 40% identified as financial abuse.

California is a prime target for financial abuse as the nation's highest retirement destination, with an estimated 3.9 million people over age 65 living in the Golden State in 2006. That same population is expected to jump to more than 9 million by 2020.

Financial abuse is one of the most underreported crimes due to the victim's embarrassment, fear of loss of independence, intimidation by the perpetrator and widespread lack of awareness that it is a crime. Victims of elder abuse, neglect and financial exploitation are 3.1 times more likely to die at an ear-

(Cont. pg. 3)

Did you know...

- In the wonderful world of investing, a 40% loss in portfolio value takes a 67% gain on investments to make up the loss, whereas, a 50% loss in portfolio value takes a 100% gain to recapture loss.
- A mere 3% annual rise in prices will double the cost of everything within 24 years. In the last two generations, the annual average rise in prices has been approximately 6%, doubling your cost of living every twelve years.

Check out our new billboard located at: north of Shiloh Rd. on Old Redwood Hwy.



2011 Valentine's Tea

Laughter, fun, friends and great food were in the air at this year's Valentine's Tea held at the Applewood Inn in Guerneville. This annual event is for our single and widowed clients and their guests. We listened to romantic music performed by one of our clients, Lenny Trujillo, enjoyed delicious food and played a few games for some terrific prizes. A great time was had by all! A big thank you to all our guests for helping make this Valentine's Day one to remember.





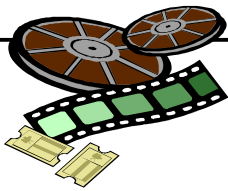
(Cont. from page 1) **Warren Buffet's "Rules of Investing"**

Also, in support of poor investment choices that many "players" make, is a January 2011 article in the New York Times: "Don't zig when market zags" by Conrad De Aenille. I quote: "Investor's penchant for ziggling when they should zag is well documented. From March 2009 to last October (2010), for instance, as the S&P 500 stock index gained about 60 percent, they (meaning the average investor) pulled a net \$82.8 billion out of domestic equity funds, according to Morning Star."

Here's yet another consideration in stock market investing: the benchmark for the stock market is the S&P 500, which in 2008 lost approximately 37%. If statistics

are correct, a chart I have shows a loss of 40% takes a gain of 67% to break even. That means that, even with the market gaining 60% from its low, the average account has yet to see a "break even".

Let's get back to Warren Buffet. If you're as smart as he is and you have a huge staff whose only job is to analyze risk for Mr. Buffet, then you have a good chance of honoring his first rule. If, on the other hand, you feel you might fall short of the decision making ability of Mr. Buffet and staff, you might want to consider alternatives to "playing" the stock market. There are alternatives. I know. I make a living exploring these alternatives. ■



Free Movies for Seniors

Enjoy one of 4 first-run movies for FREE at the Third St. Cinemas in Santa Rosa every first Thursday of the month at 10:00 am through May. Kobrin Financial sponsors this monthly event for anyone over age 60.

(Cont. from page 1) **What is financial abuse?**

lier age than are those not victimized. Victims rarely recover financially and losses often lead to depression, increased physical problems, reliance on public benefits and even death.

Trust your instincts. Exploiters and abusers often are very skilled. They can be charming and forceful in their

effort to convince you to give up control of your finances. Don't be fooled. Trust your instincts. If something doesn't feel right, it may not be right. If it sounds too good to be true, it probably is. ■

Resources:

www.bewiseonline.org

www.corp.ca.gov

Upcoming Events:

Quarterly Q&A Open Forum on the state of the economy with Sonoma State Professor, Steven Cuellar—Thur. Apr. 21—Join us at Charlie's Grill in Windsor for our quarterly educational event where you will learn about the state of the economy for Santa Rosa, Sonoma County and beyond. See the enclosed flyer for details.

Seminar Series at Charlie's at the Windsor Golf Course: **Wed. May 25th**

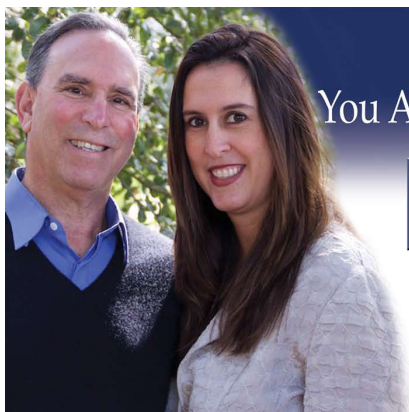
and **Wed, June 29th** at 5:30 p.m. followed by dinner—Invite your friends and relatives that could use our services. Bring people you think could benefit from our services.

Watch our website at www.canUretire.net for dates we'll be at the Thursday evening summer concert series at the Windsor Town Green. ■

Words to Live By

*I slept and dreamt that life was joy.
I awoke and saw that life was service.
I acted and behold, service was joy.*

- Rabindranath Tagore



Retirement Concern?
You Are Looking At The Solution.



(707) 566-6775

www.canUretire.net

Wikiup Professional Park

Check out our new billboards located north of Shiloh Road on Old Redwood Hwy. and soon to be located on Santa Rosa Ave. just north of Todd Road. Be sure to tell your friends to check us out!



Kobrin Financial Services



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Retirement Planning
Specialist**

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Protecting and Growing Assets for This Generation and the Next

At Kobrin Financial Services we are committed to helping our clients make the most of their retirement years and their inheritable estates through appropriate planning.

Investment advice is offered through Horter Investment Management, LLC, a Registered Investment Advisor in Ohio. Insurance products and annuities are offered through Kobrin Financial Services. Securities transactions for Horter Investment Management, LLC clients are placed through Pershing Advisor Solutions and Trust Company of America.

Selling "Highly Appreciated" Stocks Without Taxation *by Donald B. Kobrin*

For the past decade, I have been using an estate planning tool to help my clients liquidate highly appreciated real estate and stocks without having to pay federal or state taxes on the gains. In the case of real estate, my clients didn't even have to recapture depreciation on their real estate.

The vehicle we use, through our affiliate legal firm, is called a "Charitable Remainder Trust" and is sanctioned by the IRS as a means of donating assets to a charity, BUT AT A MUCH LATER DATE, which can extend through both mom's and dad's lives and twenty years into their children's lives.

In its simplicity, the asset or assets are re-titled into the name of the CRT and then sold. Once sold, mom and dad, as trustees of the CRT, get to choose what investments they wish to allocate the liquid funds into. At the conclusion of every tax year (December 31st) there is a known value of their collective (or single) CRT accounts. This value determines the amount of money the primary income beneficiaries (which is generally mom and dad) must take out of the CRT in the coming year.

The minimum withdrawal amount from a CRT is 5% of the December 31st value and can be withdrawn on any

schedule providing the entire 5% is taken in that calendar year. This percent, however, can vary from case to case and is determined by an internal IRS calculation based on the youngest age of the trustors and the "projected" length of time of the CRT. Information gathered at a CRT inquiry will determine this percent. This withdrawal, by the way, is taken by the primary income beneficiaries as ordinary income.

When the last of the primary beneficiaries passes on, the next beneficiaries, called contingent income beneficiaries, continue their withdrawals for a maximum of 20 years or to the death of the last of them. Only then does

the entire value of the CRT account pass on to the charity (or charities) that were named many years ago.

Also, because this is indeed a charitable donation, but at a future date, there are tax credits available to offset your adjusted gross income. The amount and nature of these credits are complicated and need to be explained at a meeting with me at my office.

If you think you might be a candidate for this amazing "tax planning" tool, set up a meeting and I will be glad to fill you in on more specific details and to see if a CRT is right for you! ■



RSVP's required
Call (707) 566-6775

Exclusively for clients and their guests:
Come with your questions for our quarterly
Open Forum Q&A
The State of the Economy
with guest speaker:
SSU Professor, Steven Cuellar

Dr. Cuellar will discuss the financial markets, the changing financial landscape and the tax environment we are likely to see over the next 3-5 years. Dr. Cuellar will present research on the changing structure of the economy, who is affected, how they are affected and what implications these changes have on the future. How the broader structure of the economy affects the local economy will also be discussed along with an overview of the macro economy in its current state and through 2011.

Thursday, April. 21st • 5:30-8:00 pm

Complimentary dinner served at 5:30

Charlie's Grill

1320 19th Hole Dr., Windsor, CA

RSVP's required: Call (707) 566-6775

to reserve seats for yourself and your qualified* guests.

You are strongly encouraged to bring guests to this event.

*Please only bring people that are genuinely interested in and financially able to invest and/or take advantage of the services we offer at Kobrin Financial.

Investment advice is offered through Horter Investment Management, LLC, a Registered Investment Adviser located in Ohio. Annuities and insurance products are sold separately through Kobrin Financial Services. Securities transactions for Horter Investment Management clients are placed through Pershing Advisor Solutions and Trust Company of America.