

THE FRAGASSO GROUP, INC.

THE RETIREMENT PLANNING AND WEALTH PRESERVATION SPECIALISTS | A REGISTERED INVESTMENT ADVISOR SINCE 1972

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Third Quarter 2003

What We Learned from the Bear Market

Foremost, we have learned that asset allocation works. Next, we have learned what doesn't work: market timing. When the textbooks tell us that asset allocation accounts for more than 90% of the outcome of an investment portfolio, we believe that's correct. And, our experience over 31 years of investment management forms the basis of our opinion. Investors are well advised to depend upon what, in simplified version, people refer to as "diversification." However, the most sophisticated version of diversification is asset allocation. That means the investor uses all of the appropriate asset categories in order to structure the portfolio for the desired reward and risk outcomes. It requires having the right tools and it requires knowledge and experience, but properly done asset allocation is, based on our experience, the only right way to manage investments. And, that methodology implies that the investor stays fully invested through all time periods, the good and the bad.

By contrast, market timing theories suggest that somehow an investor can know – in advance – when markets are going up or down. As a result of that supposed "knowledge," the investor can remain invested during good market periods and remove money from the markets prior to or at the beginning of down periods. Sounds very attractive, but there is no evidence that this can be done. In fact, there is considerable evidence that

mistaken attempts to time markets often result in missed opportunities and a reduction in the rate of return vs. that available by remaining fully invested. We teach all of this and more in our adult financial education courses taught through the University of Pittsburgh and for corporations sponsoring this benefit for their employees.

...properly done asset allocation is, based on our experience, the only right way to manage investments.

Here is our summary of good and bad investment management strategies. First, the good. Create a complete financial analysis and a comprehensive financial plan before investing and before making any important financial decisions. This will define the asset allocation model that you should use based on your financial objectives. Use asset allocation, and stay fully invested. Coordinate all of your financial decisions, your insurance program and your estate planning based on the analysis and plan you've created. Finally, have all of your professional

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OUR OFFICES OUR BRANCH OFFICES

We experimented over the last three years with branch offices for your convenience. On purpose, we tried a populated office in the South Hills and a non-populated, meeting office in the North Hills. In part, this was spurred by the long-term closing of the Fort Pitt Tunnel. We found that the convenience of meeting in a suburban office was a benefit to our clients and prospective clients. We also found that there is no benefit to having the office populated with full time employees. The true benefit comes when the client can meet with his or her financial consultant in a convenient setting. Finally, our systems work more smoothly when all personnel supporting your financial consultant are housed in our downtown headquarters office rather than dispersed into other offices. So, happily, you will retain the convenience of South Hills and North Hills meeting offices along with the ability to meet downtown.

The South Hills office will be moved two doors away from its present location at year-end. This will eliminate the parking congestion problem that you've encountered at our current location. Our North Hills office will also move a couple of blocks away at year-end so we can have more space available for client meetings.

Signs that You Should be Expecting More from Your Company Retirement Plan Service Provider

If the dry cleaner ruins your suit and does nothing to try to retain you as a customer, you switch dry cleaners, right? Why? Because as a customer of that establishment, you expect and deserve good service.

Dealing with the service provider of your company retirement plan is no different, though the signs may not be as overt as an ink stain on a pocket. It may take an investigation of other problems to identify lacking service as the culprit. Here are three telltale signs that you may not be getting all that you bargained for, and it's time to conduct a retirement plan review.



Nicole Cavoti
Financial Consultant
- Corporate

If you're a business owner or HR professional, it's only natural that employees will seek you out as a resource on questions regarding their retirement plan. And, to a certain extent, that is your responsibility. The line can become blurred though, when you're, a) put in the position to respond to questions you're not qualified to answer, b) asked for your "opinion" about investment choices, c) questioned as to the reason certain investments performed the way they did, d) compromising productivity in other areas of your job due to the sheer number of inquiries on the topic.

These scenarios fall over that blurred line and out of your realm of responsibility. In fact, in certain cases you may be putting yourself at increased risk for liability in answering these questions.

SIGN #1: *You're bombarded by questions from your employees about the plan.*

SOLUTION #1: *Seek employee financial education at once.*

Clearly, in situations like this, the participants haven't been properly educated. That's not your fault. Education for your employees is part of what you bargained for, and if you're not getting it, at least annually, or are not satisfied with it, you've got your first sign that you should be expecting more. ERISA section 404(c) mandates that employees be properly educated, and after all — you're paying for it in the form of certain plans and fund expenses.

A good education program goes beyond distributing mutual fund fact sheets. It engages the participants to consider the impact of the benefit you're providing for them, and provides the tools to enable them to use it most productively. As employees are made more aware of how to use the benefits, it's a win for the company as a whole.

If participants don't know where to go for help, or how to access appropriate information either online or on the telephone, they won't get the answers they need. The result, in many cases, is a decline in participation rate, and distraction at work due to stress over financial considerations.

SIGN #2: *You're plan's participants seem dissatisfied with the service they receive from the provider.*

SOLUTION #2: *Demand responsive contacts for your employees.*

When shopping for your next plan, ensure that the service provider furnishes clear and concise instruction to you and to the participants as to the levels of service

they can expect, and who to contact for what. Doing so should alleviate the workload on your HR department, and if properly provided, increase participation.

With last year marking the third year of the bear market in US Equities, it's to be expected that retirement plan balances will follow suit and decline as well. However, as a fiduciary, you are entitled and responsible for knowing why certain investments have been chosen for your plan. Additionally, you should be made aware of the methodologies behind your service provider's investment selection and be assured of regular screening.

SIGN #3: *You get infrequent updates about the investments selected in the plan.*

SOLUTION #3: *Conduct a fiduciary review.*

Hold a meeting with your service provider to gain an understanding as to the nature of the fund selection process. Determine with him or her whether there is appropriate representation of necessary sectors and market capitalization within equity funds and appropriate diversification among various quality, yield and duration choices in fixed income funds. Ensure that there isn't excessive "overlap" of fund types, managers, or underlying investments.

For more information on conducting a complimentary review of your retirement plan, or an employee financial education session at your company, please contact Nicole Cavoti at nicole_cavoti@fragassogroup.com or call her at 412-227-3205.

Navigating Through Uncertain Times

International conflicts, corporate scandals, and bear markets have created a climate of uncertainty for many investors over the past few years. With so many questions, how can one make any decisions regarding their finances, let alone the right ones? The answer lies in education. By educating oneself about financial principles and how they relate to today's economic climate, one can more readily make important decisions regarding his or her financial security.

Over the past three decades the



Lauren LaManna
Manager, Marketing
and Seminars

Fragasso Group has worked to provide financial planning education to the public through their affiliation with local universities, corporations, and organizations. The classes provide attendees with

invaluable information about retirement planning, estate planning, debt, education funding, stocks, bonds, asset allocation, and many other topics that relate to your financial situation. As part of class, each participant has the option of creating his or her own financial plan.

For many of you, this is not news. You may have already taken advantage of one or more of our seminars and have benefited from it. There is no need to keep that a secret. You can help family members, friends, and colleagues find their way towards financial security just by encouraging them to attend one of our seminars through the University of Pittsburgh's Learning Solutions. They'll thank you for it later.

These courses also allow attorneys, CPAs, Human Resource and Insurance

professionals earn continuing education credits while they learn information pertinent to their life's goals.

To register, call the University of Pittsburgh at (412) 648-2560 or register online at www.solutions.pitt.edu.

Financial Life Goals Workshop (3 Sessions)

A Workshop for Those in Their Asset Accumulation Years

This all-inclusive workshop presents basic financial "text book principles" and up-to-date information about financial tools available to help you meet your financial goals. Whether your particular life objectives are education funding, buying a house, career change, retirement security or estate planning, this course offers a hands-on approach to planning a rewarding financial future.

Discussion of all investment opportunities is covered, along with the proper methods for evaluation, selection and monitoring of those investments. This course includes a section on education funding, financial planning in divorce, and a thorough presentation on insurance, helping you determine or re-evaluate your level of need for the various types of insurance: life, disability, property/casualty, and long term care.

Personal and corporate retirement plans, Social Security benefit issues, and inheritance tax issues are covered as well.

**Bethel Park High School: 3 Mondays:
October 20, October 27, November 3;
6:30 – 9:00 PM**

Can You Afford to Retire? (3 Sessions)

A Workshop for Pre-Retirees

A financially secure retirement is within the reach of most, if we effectively use the

tools available to us and plan strategically for our full retirement needs. Meant for people considering retirement in the next 5 to 15 years, this class can help students anticipate all their retirement needs. Further, it promotes the proper planning methods to address and meet those needs for the full length of retirement.

Featured sections include overcoming the effects of inflation, protecting investments from taxation, protecting investments from taxation, preventing erosion of assets due to long term care expenses, and a through discussion of insurance and estate planning.

University of Pittsburgh, Oakland campus: 3 Wednesdays: October 1, October 8, October 15; 6:00 – 8:30 PM

Sewickley Public Library: 3 Thursdays: October 16, October 23, October 30; 6:00 – 8:30 PM

Bethel Park High School: 3 Wednesdays: October 29, November 5, November 12; 6:30 – 9:00 PM

Financial Security During Retirement (3 Sessions)

A Workshop for Retirees

Meeting retirement goals and maintaining financial security throughout your lifetime requires careful planning and the application of specific financial management strategies. Retirees who plan effectively can more likely assure a financially comfortable, full retirement.

This course covers all the important financial strategies that are critical throughout retirement, and arms the retiree with information and tools to combat inflation, minimize taxation, and maximize the strength of one's portfolio.

Students will also be asked to consider the non-financial aspects of retirement, such as self-image, use of time, and housing choices.

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529 Plans Analyzed

The Pittsburgh Post Gazette on Sunday August 10th ran an article on the front page of their business section about a subject that has been getting a lot of attention lately. The title of the article was "Will 529 finally shine?" For those who did not have a chance to read the article, the article examined the education savings plan called the 529 plan. The article pointed out both negative and positive

points. I have summarized some of those points and I added some comments and thoughts.



Kevin Daeschner
Financial Consultant

Since the inception of the 529 program we at the Fragasso Group have been big supporters of the

plan and continue to be, even when considering the potential drawbacks.

- 1) A lot of talk about the 529 revolves around the supposition that tax-free withdrawals may end in 2010 when the most recent tax law changes are repealed. This may or may not happen, keep in mind that tax laws are constantly changing and evolving. Worry about the tax laws that apply today and invest accordingly. With this in mind the 529 is an excellent opportunity for higher education savings.
- 2) The second point that was mentioned several times is that 529 plans can only be used for post-secondary education (anything beyond high school). This is true and this is where understanding a family's education needs comes into play. Only those planners who do comprehensive planning can fully determine how

appropriate the 529 plan is. Part of the question of the 529 plan "shining" is subject to the usage restrictions. If there is a case where money is needed for education before college, then the 529 may not be the most appropriate pre-funding vehicle.

- 3) A third point of the article, and an alternative portion of the 529 plan, is TAP, the Tuition Account Program, where an individual can buy college credits for use down the road at today's cost. Besides the restrictions on growth (your growth is only that of the inflation rate of college 5 - 8%) the Pennsylvania program has an estimated deficit of \$26.5 million dollars. We encourage clients to shy away from the TAP programs. By contrast, even if the tax rules governing your 529 change later, those funds are yours and no one can take them away. A state program that is nearly \$27 million in debt could go away in the blink of an eye (Like the Great Race).

For many investors wishing to save for their child's college education, the 529 plan is one of the best investments available, but there are some considerations a person should weigh before making a decision. 529 plans must be funded with cash which may be a limiting factor for some people wishing to gift appreciated securities into an education account. The stocks or funds must be sold, the gain recognized and then placed in the 529 account. But, offsetting that problem is the much lower capital gains tax rates we now enjoy under the new tax law. Those who currently have UTMA (Uniform Transfer to Minors Accounts) and wish to convert them to 529 accounts can do so, but there are guidelines that must be followed. The first is that the child must realize the capital gain (but likely only at a 10% capital gain rate) at the time of transfer. The donor must name the same child to be on the new account and,

finally, the child gains title of the account at age 21, like with the original UTMA. Those who have a Coverdell Education Savings Account (Education IRA) can also transfer their education IRA into a 529 plan and receive the full advantages that the 529 plan offers.

This is a brief overview of the 529 plan that is finally starting to get some real press. For further information please feel free to contact me at (412) 227-3241 or your financial consultant at the Fragasso Group.

What We Learned from the Bear Market

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advisors work together on your behalf. This includes your financial planner, insurance professional, accountant and attorney. Now, the bad. Attempting to time market movements and making heavy sector bets are poor investment strategies. An over-weighting of technology and telecommunications in the late 1990s would be an example of this mistake. Of course, you know now not to do that. But, how heavy are you over-weighted in today's favorite sectors? Asset allocate using all appropriate sectors, not just the currently hot ones. Today's out of favor sector often becomes tomorrow's good performer.

Finally, and we say this with your benefit in mind, choose the right financial planning and professional investment management team.

We sincerely believe that, if you follow this textbook-driven advice, you will reap the benefits of market recoveries and navigate safely through the downturns.

Cafeteria Plans

Due to the rising costs of health care, many businesses are considering the implementation of a cafeteria plan. A cafeteria plan (also referred to as a section 125 plan) is a tax qualified arrangement that permits employees to choose various fringe benefits by converting taxable wages into nontaxable benefits. The plan also provides benefits to the employer through reduced payroll taxes and a reduction in the out-of-pocket costs relating to the fringe benefits offered to employees.

In essence, a cafeteria plan permits employees to choose among a number of benefits and pay for them by foregoing taxable compensation. For example, assume that health insurance costing \$500/month is a desired benefit. The employer has the option to pay for some, all or none of the premium with the

remaining balance paid by the employee. If the employee is required to pay 50% of the cost (a common practice), \$250 dollars of pre-tax money could be deducted from wages and used to purchase a permitted benefit.



**Rick Alfera, CPA,
MST, PFS**
Wealth Management
Advisory Group, LLC

The employer would save employment taxes on the deduction as gross wages would be reduced. Thus, an employer could save 8-10% of the foregone wages through reduced payroll taxes on an annual basis. In addition, the employer has effectively reduced health benefit costs immediately by 50% due to the cost shifting permitted by the plan. The employee also receives a benefit as purchasing benefits on a pre-tax basis

requires less earnings than on an after-tax basis and the employee can purchase benefits at a cheaper group rate.

In many cases, where the employer pays none of the cost of the benefit and the employee elects to participate in the plan, various benefits can be offered to employees at no cost to the employer and the employer actually saves money. Thus, fringe benefits can be offered to reward employees and actually save the company money at the same time.

The benefits permitted to be offered under a cafeteria plan are:

- Group term life insurance up to \$50,000
- Health coverage
- Medical expense reimbursements
- Dependent care benefits

In order to achieve the proper tax status as a qualified plan various documentation and non discrimination rules must be complied with. Therefore, it is critical that the proper plan documentation, employee communication, and tax filings be prepared. If you would like more information regarding the benefits of implementing or modifying a cafeteria plan, please contact Rick Alfera at (412) 885-5045.

E-MAIL AND WEB SITE REQUEST

If you have never heard from us via email it means that we do not have a valid email address for you in our files. We prefer email to be the primary way to keep in touch with you. Please provide your email and web site information so we can update our files.

**Email us at:
fji@fragassogroup.com**

Navigating Through Uncertain Times

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Finally, this course concludes with sections on Social Security, long term care, the new IRA distribution rules, and estate planning.

University of Pittsburgh, Oakland campus: 3 Tuesdays: November 4, November 11, November 18; 9:30 AM – 12:00 PM

Retirement Plan Management (3 Sessions)

A Workshop for Retirement
Plan Sponsors & Fiduciaries

This course is designed for plan sponsors, fiduciaries, attorneys, benefits personnel, CPA's, and HR professionals. Course addresses fiduciary and ethical considerations related to retirement plans. Focus on understanding practice standards that apply to the "group" called fiduciaries. Discussion to include legal considerations in retirement plan management and the resulting liability for plan trustees and their professional advisors. Requirements under ERISA will also be discussed. Other feature sections include basics of financial planning, the importance of education and the benefits of proper investment and retirement plan management.

**Bethel Park High School: 3
Thursdays: October 9, October 16,
October 23; 6:30 – 9:00 PM**

What's the Big Deal About 70½?

Financial planning is all about saving and investing for the future. The primary goal is to make sure you'll have enough resources for big life events, such as retirement. It's during those retirement years that you will face what is known as your "Required Minimum Distribution" from your Traditional IRA accounts. (Note: Required Minimum Distributions do not apply to ROTH IRA accounts). You will



Michael Fertig
Managing Director –
Sales and Marketing

face this requirement for the first time at age 70½, and then you'll come across it again each year going forward.

The annual payment you need to take is calculated each year according to

IRS guidelines. If you take only your RMD, the remaining account balance can continue to grow on a tax-deferred basis. Keep in mind, you can always take more than the minimum – however, not taking the RMD will result in a hefty penalty.

Here's what you need to know in order to determine your RMD. The account balance at the end of the prior year and the applicable factor corresponding to your age in the IRS Uniform Lifetime Table (right). If your 70th birthday falls during the first six months of the year, your first distribution will be calculated using the age 70 factor shown in the table. If your 70th birthday occurs during the second half of the year, your first distribution will be calculated using the age 71 factor. Now, suppose you reach age 70 on January 24th and had a prior year-end balance of \$170,000 in

UNIFORM LIFETIME TABLE			
Age	Distribution Factor	Age	Distribution Factor
70	27.4	92	10.2
71	26.5	93	9.6
72	25.6	94	9.1
73	24.7	95	8.6
74	23.8	96	8.1
75	22.9	97	7.6
76	22.0	98	7.1
77	21.2	99	6.7
78	20.3	100	6.3
79	19.5	101	5.9
80	18.7	102	5.5
81	17.9	103	5.2
82	17.1	104	4.9
83	16.3	105	4.5
84	15.5	106	4.2
85	14.8	107	3.9
86	14.1	108	3.7
87	13.4	109	3.4
88	12.7	110	3.1
89	12.0	111	2.9
90	11.4	112	2.6
91	10.8	113	2.4
92	10.2	114	2.1

your traditional IRA. Simply divide \$174,000 by the applicable life-expectancy factor of 27.4 years to determine that your annual RMD is \$6,204.38. Keep in mind, your RMD needs to be recalculated each year.

Frequently asked questions about RMD's include:

1) Is there an exception to using the IRS Uniform Lifetime Table?

Yes. If your spouse is your sole beneficiary on January 1 of a distribution year, and he or she is more than 10 years your junior, you may use the actual joint-life-expectancy factor in the IRS Joint Life and Expectancy Table. The factors in this table are based on you actual ages and will result in a smaller RMD amount than the RMD calculated using the above chart.

2) What's the starting date for receiving RMD's?

Although you may take your first RMD by the end of the calendar year in which you turn 70½, you can delay taking that first distribution until April 1st of the year following the year in which you turn 70½. If you wait, you'll have to take two distributions in the same year (the second one by December 31st). So you'll want to compare the benefit of leaving the money in your account for as long as possible with the tax consequence of taking two distributions in one year. All subsequent RMD's must be taken by December 31st of each year.

3) If I own several different IRA's, must I take RMD's from each IRA?

No. Although you must calculate the RMD amount for each IRA, you may add those amounts together and take the total RMD from any one or more of your IRA's.

4) Are RMD's subject to income tax withholding?

Yes. Federal income tax withholding applies at the rate of 10% unless you elect some other rate, or you elect not to have withholding apply.

5) Can I reinvest my RMD's?

Yes. You'll owe any income tax due on the distributions when you take them, and you cannot roll the RMD's into another IRA or retirement plan. But, you can keep your money working in the same security by transferring it to a personal, non-retirement investment account.

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The Optimum Market Portfolios: Experience. Balance. Simplicity.

In today's challenging investment environment, it's critical to have proven experts managing your money, and to maintain a diversified portfolio. That's why we are pleased to introduce the Linsco Private Ledger's



Christine Robinette
Financial Consultant

(LPL) Optimum Market Portfolios, a new asset allocation account.

The Optimum Market Portfolios account provides three key benefits:

Experience: The Optimum Market Portfolios account is comprised of the Optimum Funds, managed and distributed by Delaware Investments. The mutual Funds are sub-advised by leading money managers such as Delaware, MFS, Scudder, and T. Rowe Price. Each fund is sub-advised by two leading money managers selected for both their complementary styles and demonstrated asset class expertise.

Balance: Keeping your investments on track is essential to your long-term strategy. The automatic re-balancing feature standard in the Optimum Market Portfolios account ensures that your portfolio stays on the course that you have chosen. This feature can occur up to four times per year.

Simplicity: The Optimum Market Portfolios utilize independent, unbiased research providing you and your Fragasso Group advisor with a simple way to establish a professional asset allocation strategy suitable to your risk tolerance. Asset allocations have been determined by LPL's research department based on extensive

analysis of asset class performance characteristics and you choose from among five asset allocation options.

We can work with you to choose the overall mix of asset classes and investment styles that makes sense given your time horizon, risk tolerance, and financial objectives. And if your needs change over time, we can help you transfer your assets into a different portfolio within the account. Unlike the Strategic Asset Management program, this type of account can accommodate assets as low as \$15,000.

In a time of rapidly changing financial markets, the Optimum Market

Portfolios account offers a powerful combination of benefits that can help investors stay on track toward meeting their goals.

Mutual funds are offered by prospectus. Please contact Christine Rubinette at (412) 227-3243 for a prospectus containing important information including charges and expenses. Read the prospectus before investing or sending money.

*Source: "OMP Market Portfolio's Disk".

Less Paper

If you would prefer not to receive a monthly statement in the mail, and view your statement on line, that is now possible. In order to do this, just sign up for Account View.

To access Account View, go to our web site www.fragassogroup.com and click on the link for Account View. Follow the instructions to sign up. Once you have access to Account View, click



Jacquie Llewellyn
Administrative Assistant

on the tab that says "statements". There is a drop down menu where you can select which month you wish to view. If you would like to discontinue paper statements all

together, you can click on paperless options and turn off your paper statements.

You will no longer receive statements in the mail, but you can view statements on line at your convenience. The monthly statements are available for viewing on line at the same time that hard copy statements are mailed from the printer. So, you will save mailing time in viewing your statements.

If this feature is chosen, LPL will send you notification that your statements have been turned off. The statements can also be printed on your home computer if desired. This exercise can only be completed by the client. The representative does not have access to perform this function.

If any questions, you can contact Jacquie Llewellyn at (412) 227-3230, or by e-mail at jackie_llewellyn@fragassogroup.com.

Thinking About Long-Term Care Insurance

Long-term care insurance is growing in popularity. It has become a featured product of many insurance companies, and more recently some investment companies as well. With other seemingly more pressing needs in our lives, it is easy to overlook or disregard altogether anything that doesn't have an immediate impact on our financial situation. When people talk about something like long-term care

insurance, we tend to tune out because we're too busy worrying about our everyday lives, educating our children, saving for retirement, or a myriad of other financial goals. But before you write off



Gregg Daily
Financial Consultant

long-term care insurance as unnecessary or excessive, there are some important points to consider.

First, consider the cost of long term health care, whether it's in a skilled care, rehabilitation, or nursing home facility. In Pennsylvania, the average cost right now for a yearly stay in a long-term care facility is around \$55,000. The average stay for a person in one of these facilities is four years. The rate of inflation of these costs is 5% per year. The cost is already significant. Think about how much more it will increase with the rising costs of health care. And, consider that you are more likely to need this type of care after you are retired, meaning that you no longer have earned wages and are relying on a pension or retirement and personal assets you have saved throughout your life.

One of the perceptions that people have is that there is some sort of government support structure in place to pay for this type of care. There is good news and bad news with regard to that. The good news is that Medicaid (federal money for public health needs, administered by the states) does ultimately cover nursing home expenses. The bad news is that this only happens after you have spent down all personally owned assets. In other words, you have to spend your money first before the government "safety net" applies. This could potentially undo all of the hard work you have done to save for retirement.

There could effectively be very little left for a surviving spouse or any other dependents, and virtually no estate left to pass along to your heirs. More bad news is that Medicaid only pays for nursing home care, so you have to go to a facility if Medicaid is paying the bill. Another point to consider is that when relying on Medicaid, you are subject to the availability of any facility that accepts Medicaid patients. Many facilities prefer self-paying (whether through long-term care insurance or their own assets) as Medicaid tends not to reimburse the facilities for the full amount of the cost. This means you go where there is an opening for people relying on Medicaid. When you consider the loss of personal savings and assets and the effect it can have on your family, along with the loss of control over exactly where you may go and the quality of your care, it becomes more apparent that just letting the chips fall where they may is probably not the best strategy.

These are the issues that long-term care insurance addresses. There are several goals that the long-term care contracts attempt to achieve. One is the preservation of your own assets. This means being able to keep, and preserve for your own use, the money you have saved and planned to use throughout your retirement years. Another concern that can be addressed with long-term care insurance is the ability to have a choice over how

and where you receive your care. By adding the option of home health care to a long-term care policy, you give yourself the choice between going into a facility or having caregivers come to your home. This feature is important, because loss of choices or control is a serious concern for people at any age, let alone in their later years. If these issues seem important and cause for concern, it's because they are. The wise thing to do would be to properly analyze your retirement needs and assets, and use that analysis to come to a reasonable conclusion about the appropriateness of protecting your assets and options with long-term care insurance. As your financial consultants, we would be happy to help you with this process.

What's the Big Deal About 70^{1/2}?

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6) What happens if I don't take my RMD?

If you fail to withdraw the required minimum distribution amount each year, the IRS will penalize you with a 50% tax on any amount that should have been withdrawn but wasn't. For instance, if your RMD is \$3,000 and you withdraw only \$2,000, the IRS will assess a penalty of \$500.00 (50% of the \$1,000 shortfall).

To learn more about Required Minimum Distributions and how they affect your own situation, please call your financial consultant at The Fragasso Group. We are here to answer your important questions.



2nd Annual DASH FOR DOGS & CATS

Saturday, October 18, 2003



EVENTS:

The 5K RUN will begin and end on the Fairgrounds track, rain or shine. For the safety of the animals, please no dogs in the 5K Run. 5K RUN will begin at 9:00 a.m.

The DOG WALK is a fun walk where owners are encouraged to dress their dogs in costume for Halloween. Prizes will be awarded for the most creative costumes. Dog Walk will begin at 9:10 a.m. on the Fairgrounds track, rain or shine.



Everyone registered for the race or the dog walk is eligible for the raffle drawings on October 18th. Additional prizes will be awarded to the overall winner and age category winners for the race and to the three best dog costumes in the dog walk.

We invite you to participate in our newest event, Puppy Paddy Bingo. Simply purchase one or more squares for a grid that will be laid out at the South Park Fairgrounds. A puppy will be led onto the field in the fenced grid area to "do its business." The square with the most will win. A lottery drawing will determine who owns each specific square. The cost for each square is \$5. The winner receives a valuable Pittsburgh Prize Package, including dining, entertainment and other great prizes from the area.

REGISTRATION:

To pre-register for the 2003 Dash for Dogs and Cats before September 25, 2003, please fill out the registration form and mail it with a check for \$17.00 to:

Dash for Dogs and Cats
2580 North Lightwood Ave.
Bethel Park, PA 15102

To register after September 25, 2003 until race day, the cost is \$20.00. If you register the day of the race, please do so between 7:30 a.m. and 8:30 a.m. in the Museum Building parking lot at the Fairgrounds. After registering, please plan to pick up your Registration Packet and long sleeved T-shirt at one of the following locations. (T-shirt is not guaranteed on race day.)

- Animal Friends in the Strip District on Wednesday, October 15, 2003 from 3:00 p.m. to 8:00 p.m.
- Petco on Fort Couch Road, Bethel Park on Thursday, October 16, 2003, from 11:00 a.m. to 8:00 p.m.
- Registration Table on Race Day between 7:30 a.m. and 8:30 a.m.

For more information, please call (412) 835-3589 or e-mail dashfordogs@yahoo.com
Check out www.dash-for-dogs.org

SPONSORED BY



**The
Fragasso
Group, Inc.**

Krakoff
COMMUNICATIONS, INC.

Public Relations &
Marketing Communications

Make check payable to ANIMAL FRIENDS • Mail to: Dash for Dogs and Cats • 2580 North Lightwood Ave. • Bethel Park, PA 15102

Name _____

Address _____

City State Zip _____

Phone _____

E-mail address _____

Age _____ Sex _____

Please Check:

- 5K Race
 Dog Walk & # of dogs ____
 Shirt Size S M L XL
 Wheelchair entry Yes No

By my signature I hereby release Allegheny County and all members of the race and walk committee from liability for any and all potential injury, loss or damage which I might suffer or sustain by reason of my participation in or caused by others participating in the Dash for Dogs & Cats run and walk. I have trained sufficiently to run a 5K race or a dog walk.

Signature _____

Date _____

Signature of Parent (for those under 18) _____

Date _____



2nd Annual DASH FOR DOGS & CATS



Ronald Rivera Memorial
5K Run and Dog Walk
South Park Fairgrounds
Saturday, October 18, 2003

Proceeds Benefit Animal Friends, Pittsburgh's Only No-Kill Shelter

ABOUT DASH FOR DOGS

Dash for Dogs and Cats is a 5K Race and Dog Walk with the proceeds benefiting Animal Friends, Pittsburgh's only no-kill animal shelter. The Dog Walk is a fun activity where owners are encouraged to dress their dogs in costumes for Halloween. Last fall, more than 650 people and 300 animals participated in this event. We were able to raise over \$10,000 for Animal Friends in memory of Ronald Rivera, a devoted animal lover. This year, we plan to make Dash for Dogs even more successful with your involvement!



IN MEMORY OF RON RIVERA

Dash for Dogs and Cats is in the memory of Ronald Rivera, a friend to animals, people and Animal Friends. Ron was truly loved by animals and people and is sorely missed. In line with Ron's love, kindness, loyalty and goodness, the Dash for Dogs and Cats was organized with the purpose of extending Ron's kindness to Animal Friends even after his death.

My Sponsors

To raise additional money for Animal Friends, consider asking family and friends to sponsor you in the Dash for Dogs and Cats. Sponsors are asked to donate a flat rate for participants in the 5K run or Dog Walk.

Name	Phone #	Amount
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> \$5 <input type="checkbox"/> \$10 <input type="checkbox"/> _____

YOUR ANIMAL FRIENDS THANK YOU

Combined Statement Mailing

If you are receiving multiple monthly statements from Linsco/Private Ledger, you can request that all of the statements for your household be mailed in one envelope. All of your accounts must have the same mailing address in order for them to be eligible for the combined mailing, and all registered account owners must sign the request.



Shelli Roach
New Accounts Specialist



COMFORT IN GRIEF

Good friend John Partilla dealt with the tragic death of his college-age son by putting his photography skills together with his love of nature. You may find his photos meaningful to you, and you can visit his site at www.naturephotoscomfort.com

Save Your Dog's Life

We recently found a lost dog in South Park. He wore one of those cute dog bone identification tags that contained the owner's name and phone number. The owner and his dog were happily united as a result after the dog and his two new found canine friends spent an hour playing in their backyard and sharing toast ends with butter and orange marmalade.

But, here is a different story that is played out every day. A Good Samaritan doesn't pick up the dog. Rather, it stands a much better chance of being picked up by a municipal or commercial dogcatcher. That animal control officer has no obligation to contact the owner on the cute ID tag. The dog will be held for 48 hours and then euthanized unless the owner canvasses all possible dog control facilities and intervenes in time.

How to avoid this? Buy an Allegheny County dog license if you're a county resident. Or, buy one from your county if you

are not. Then, the control officer must notify you by certified letter that your dog is in custody and you have 5 days from the date of the letter to get there and ransom your friend. Allegheny County Treasurer, John Weinstein, has lead the public relations battle on dog licensing, and has been recognized for his efforts. His program is serving as the model for the rest of Pennsylvania.

Here is the license application. Cut or copy and use it. If your animal is spayed and neutered (and it should be), the cost is only \$6. If not write a check for \$8. Either way, it's a small price to pay to potentially save your pet's life.

Mail your completed application and check to:

John K. Weinstein
 Allegheny County Treasurer
 Room 108, Court House
 Pittsburgh, PA 15219

ADLES 14-18 rev. 8/2001
 License # _____

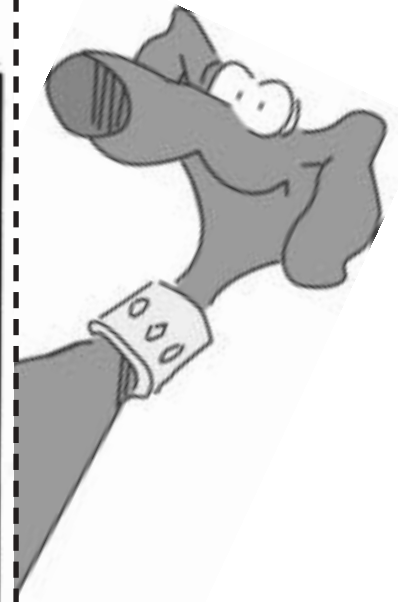
DOG LICENSE APPLICATION

Year of Licensure _____

DATE		DOG'S NAME		DOG'S AGE		BREED	
COLOR OF DOG:	SPOTTED <input type="checkbox"/>	WHITE <input type="checkbox"/>	BLACK <input type="checkbox"/>	BROWN <input type="checkbox"/>	OTHER - INDICATE <input type="checkbox"/>		
ALL PRICES INCLUDE ONE-DOLLAR SERVICE FEE ALLOWED BY LAW.							
REGULAR FEE				PERSON WITH DISABILITY OR SENIOR CITIZEN FEE			
MALE \$4.00 <input type="checkbox"/>	NEUTERED MALE \$6.00 <input type="checkbox"/>	FEMALE \$8.00 <input type="checkbox"/>	SPAYED FEMALE \$6.00 <input type="checkbox"/>	MALE \$6.00 <input type="checkbox"/>	NEUTERED MALE \$4.00 <input type="checkbox"/>	FEMALE \$8.00 <input type="checkbox"/>	SPAYED FEMALE \$4.00 <input type="checkbox"/>
If the license is issued by an agent of the COUNTY TREASURER, an additional .50¢ will be charged.							
PLEASE NOTE: IF YOU ARE APPLYING FOR A LICENSE THAT REQUIRES THE DOG OWNER BE A SENIOR CITIZEN, AGE 65 AND OLDER, OR A PERSON WITH DISABILITY, YOU MUST PROVIDE PROOF OF AGE OR DISABILITY TO THE COUNTY TREASURER OR AGENT.							
OWNER'S NAME			TELEPHONE NO.		OWNER'S DATE OF BIRTH		
					MO.	DAY	YR.
STREET OR R.D. NO.				TOWNSHIP/BOROUGH			
CITY				STATE	ZIP CODE		
				PA			

I HEREBY VERIFY THAT I AM THE OWNER OF THE DOG THAT IS THE SUBJECT OF THIS DOG LICENSE APPLICATION. I MAKE THIS STATEMENT SUBJECT TO THE CRIMINAL PENALTIES OF 18 Pa. C.S. § SECTION 4904 (RELATING TO UNSWORN FALSIFICATION TO AUTHORITIES).

SIGNATURE OF DOG OWNER/APPLICANT REQUIRED
 MAIL TO COUNTY TREASURER'S OFFICE



If you have questions on this licensing procedure, call Joanie Shively in Treasurer's Weinstein's office at 412-350-6928. She'll give you all the help you'll need.



The Fragasso Group, Inc.

436 Seventh Avenue
Koppers Building, Suite 300
Pittsburgh, PA 15219

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A Wide Range of Money Management Capability

Did you know that, in addition to the professional asset management services provided by The Fragasso Group in-house, we have access to over 90 institutional money managers nationwide? Those outside managers can be used in conjunction with The Fragasso Group's management of stocks, bonds, and mutual funds to create a unique portfolio to help you reach your financial goals.

Both sponsored by Linsco Private Ledger (LPL), Strategic Asset Management (SAM) is used to manage our clients' accounts on a fee-bases using internal portfolio management resources, while the Management Select program offers the client access to more than 90 institutional portfolio managers to



Deborah Sales
Managing Director -
Operations

and acts as a liaison between you and the Manager Select advisor to ensure proper ongoing management. The manager's reporting is integrated with our reporting

manage a portion of your overall portfolio. The Portfolio Management Department at the Fragasso Group then monitors the performance, management, and tax consequences of that account

to you on all of your accounts in your annual and intra-year review meetings.

The institutional managers in the Manager Select program represent over 35 investment styles and therefore provide added levels of diversification and professional management for larger investment portfolios. Most managers within the program have a required minimum investment of \$100,000 – so although available to you as a retail investor, these institutional level accounts are not appropriate for everyone.

Call your financial consultant at the Fragasso Group to determine whether the Manager Select is an appropriate way for you to add diversification and institutional portfolio management to help you achieve financial security.
