

Achieving Financial Independence Through Prudent Financial Planning

Own Your Home
Homestead your Home
Start Your Own Business
Buy Fixer Upper, Fix & Sell
Upgrade to a Duplex, Triplex, or Fourplex
Plan Your Estate
Invest in the Stock Market

SAGHIR ASLAM

You Pay Taxes

- ◆ You pay taxes when you earn.
- ◆ You pay taxes when you invest.
- ◆ You pay taxes on your retirement savings.
- ◆ You pay taxes upon your death (estate taxes).
- ◆ You pay taxes when you gift your favorite charity.

SEVERAL OF THE TAXES CAN BE LEGALLY ELIMINATED OR REDUCED CONSIDERABLY

- ◆ Gift tax.
- ◆ Estate taxes & Generation-skipping transfer taxes.
- ◆ Capital gains taxes.
- ◆ Taxes on investments.
- ◆ Partially reduced taxes on earned income.

6 Reasons to Plan Your Estate

With a Plan

- You decide who receives a share of your assets.
- You decide how and when your beneficiaries will receive their inheritance.
- You decide who'll manage your estate (executor, trustee, etc.)
- You can reduce estate taxes and administrative expenses.
- You select a guardian for your child.
- You can provide for the orderly continuance or sale of a family business.

Without a Plan

- State laws determine who inherits your assets.
- The terms and timing are set by law.
- The court appoints administrators, whose ideas may differ from your own.
- Costs are usually greater, due to required expenses and taxes.
- The court appoints a guardian for your child.
- Financial loss and family hardships may result from untimely forced sale.

Advantages of a Living Trust

- Avoids probate at death. Avoids multiple probates if you own property in more than one state.
- Prevents court control of assets at incapacity.
- Brings all your assets together under one plan.
- Provides maximum privacy.
- Allows quick distribution of assets to your beneficiaries.
- Assets can remain in Trust until beneficiaries reach the age(s) you want them to inherit.
- Can reduce or eliminate estate taxes.
- Inexpensive, easy to set up and maintain. Can be changed or cancelled at any time.
- Difficult to contest. Prevents court from controlling finances when minor children inherit.
- Can protect dependents with special needs.
- Prevents unintentional disinheritance and other problems of joint ownership.
- Professional asset management if you use a Corporate Trustee.

Benefits of a Charitable Trust

- Annual income for a beneficiary or yourself.
- Current year tax deduction.
- No Capital Gains Tax on assets used to fund the trust.
- Ability to increase your investment yield.
- Gift to your favorite charity.

Aslam's Investment Philosophy

- Invest in what you know best.
- Follow a few stocks very closely.
- Diversification is key to long-term success.
- Buy on weakness. Sell on strength.
- Buy when there is "blood in the streets."
- Cut losses while letting winners run.
- Dividends are an important component of total return.
- Look for companies which buy their own stock.
- Monitor insider trading.
- Be aware of institutional activity.
- Be wary of large positions in thinly-traded stocks.
- Plan the trade. Trade the plan.
- Invest with your mind, not your heart.
- Never "marry" a stock.
- Beware of "hot tips."
- Avoid "penny stocks."

Any Time is a Good Time to Invest

For 10-year Period (12/31/84-12/31/94)

Best Case

Ms. Ahmed invested \$10,000 each year when the DJIA was at its **lowest** level for the year.

\$184,679

Best Case
Ms. Ahmed


Worst Case

Mr. Kadri invested \$10,000 each year when the DJIA was at its **highest** level for the year.

\$145,540

Worst Case
Mr. Kadri

 Value of annual investments (\$100,000)

 Value of investment acquired through reinvested dividends plus share price appreciation.

Which investor made a good investment? Both investors!

It Pays to Start Early!

Benefits of Starting Early

Age	Investment	Year-End Value
25	\$2,000	\$2,160
26	\$2,000	\$4,493
27	\$2,000	\$7,012
28	\$2,000	\$9,733
29	\$2,000	\$12,672
30	\$2,000	\$15,846
31	\$2,000	\$19,273
32	\$2,000	\$22,975
33	-0-	\$24,813
34	-0-	\$26,798
35	-0-	\$28,942
36	-0-	\$31,257
↓		
63	-0-	\$249,686
64	-0-	\$269,661
	\$16,000	\$269,661

8%
growth
rate

The Cost of Delay

Investment	Year-End Value
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
-0-	-
\$2,000	\$2,160
\$2,000	\$4,493
↓	
\$2,000	\$224,566
\$2,000	\$244,692
\$60,000	\$244,692

If you deposit \$2,000 annually for eight years beginning at age 25 and then stop, you will have more at age 65 than if you start at age 35 and contribute for 30 years until age 65.

MIPS-Monthly Income Preferred Shares

Issuer (rating)	Ticker	Price	Yield
Aetna Capital (A)	AET Pr A	26.63	8.92
Capital Re LLC (A-)	KRE Pr L	25.13	7.61
Cent. Hispano Intl. (BBB)	HPN Pr	27.75	8.89
Enron Capital LLC (BBB-1)	ENE Pr C	25.18	7.94
Georgia Pwr Cap (A-)	GPE Pr M	26.25	8.57
GTE Delaware (BBB+)	GTE Pr Z	26.44	8.75
Illinois Pwr Cap (BBB-)	IPC Pr M	26.13	9.04
Loewen Group Cap (BBB-)	LWN Pr	26.87	8.79
Met-Ed Capital LP (BBB)	MTT Pr Z	25.87	8.70
Mission Capital (BBB)	ME Pr A	26.125	9.25
PECO Energy (BBB)	PE Pr Z	25.75	8.74
Penelec Capital (BBB+)	PEC Pr Z	25.50	8.58
PLC Capital LLC (A-)	PL Pr M	26.13	8.61
Pub. Serv. Electric and Gas (BBB+)	PEG Pr Z	26.25	8.93
Texaco Capital LLC (A+)	TXC Pr A	24.19	7.96
Texaco Capital LLCB (A+)	TXC Pr B	22.35	6.80
Torchmark Cap (A)	TMK Pr M	26.25	8.95
Transamerica Delaware (A-)	TA Pr A	26.38	8.92
USX Capital LLC (BB-)	XLC Pr	25.42	9.13