



Milne Financial Planning, Inc.

d/b/a Financial Guidance Associates

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The investment markets continue to define volatility. I hope all of you have enjoyed the ride! For those of you who have achieved fantastic returns, congratulations. For those of you continuing to trade often, take the time to assure yourselves that your actual return is worth the cost, effort and tax consequences. I still do not recommend chasing returns. If you are investing on margin, stop.

MILNE FINANCIAL PLANNING - Changes

Milne Financial Planning was started on January 1, 1996. At the same time, I also began working for Faye Doria at Financial Guidance Associates, Inc. in Portsmouth, New Hampshire. I have worked in New Hampshire two days a week ever since.

Faye recently accepted a position as Vice-President at Fleet Bank in Portsmouth, NH. She started in March, giving me the chance to continue the business. What a great opportunity!

MILNE FINANCIAL PLANNING, INC.

Milne Financial Planning, a sole-proprietorship, was incorporated in March of 2000 and is now Milne Financial Planning, Inc. d/b/a Financial Guidance Associates. For clients in Vermont this means:

- They will need to sign an assignment letter that allows their current relationship with Milne Financial Planning to be transferred to Milne Financial Planning, Inc. Clients will also be signing a new agreement.

In Portsmouth I operate as Financial Guidance Associates. Faye's former clients have three alternatives:

- To continue the same service with the same fee. These clients will need to sign a new agreement and an assignment letter.
- To remain on the mailing list. This requires

- mailing back the form that Faye sent.
- To terminate all services.

THE SCHEDULE

In Vermont, I work Monday through Wednesday, and Lori Gray and Joanne Lajeunesse each work one day a week, Monday and Tuesday respectively. In Portsmouth, I am at the office on Thursday, Friday and one Saturday a month, and Deanna Strand works Monday, Wednesday and Friday.

HOW TO REACH US

Vermont:

Phone - 802-476-0602 or 800-360-0662

Fax - 802-476-4431

e-mail - jmilne@milnefeeonly.com

Mailing - 148 Hill Street

P.O. Box 351

Barre, VT 05641

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Fax - 603-430-0382

e-mail - fga@vitts.net

Mailing - 20 Ladd Street

Portsmouth, NH 03801

PORTSMOUTH OFFICE

The most frequently asked question is, "Will you be staying at the 20 Ladd Street location?" Personally, I am committed to staying at this location until August 2001. We are working on the lease details.

A fellow NAPFA (National Association of Personal Financial Planners) member is sharing the office in Portsmouth. William (Bill) A. Hartley is a JD, a CPA and a CFP. Bill gives estate planning seminars throughout New Hampshire.

JAMIE MILNE - Professional

Below is a summary of my professional background:

- Babson College, BS in Finance and MBA.
- Certified Financial Planner (CFP), 1989.
- Stonier Graduate School of Banking, 1989.
- Banking: teller, lending, treasurer, board of directors and commercial lending.
- Insurance agent, John Hancock and MassMutual. (For those wondering, I am no longer connected to sales or commissions of any kind. Milne Financial Planning, Inc. is completely fee-only.)
- Certified Divorce Planner (CDP), 1997.

For a complete background, ask for the Form ADV.

JAMIE MILNE – Personal

I live and operate Milne Financial Planning, Inc., in Barre, Vermont. My wife, Donna, is a charge nurse at Central Vermont Hospital's emergency department. Our daughter, Alex (Alexandra), is 4. I also have two daughters from a previous marriage, Caroline, 15 and Christine, 11. I am an active member of the Barre Rotary Club and enjoy my family, physical fitness and automobiles (especially BMWs).

SERVICES

We offer the same services at both locations:

- Financial Physical (for new clients). This service is popular for those clients looking for a review of their retirement projections and of their portfolio allocation. The cost is \$595.
- Six-month Comprehensive Retainer (also for new clients). This service develops a comprehensive plan over the 6-month period. The fee is .5% of investable assets plus .25% of adjusted gross income with a minimum fee of \$1,800.
- Existing clients can choose from three service arrangements: a comprehensive annual retainer, a mini-retainer or hourly work. The current hourly rate is \$125.

CLIENT PROFILE – Chasing returns

Jane and Joe came to the office for an annual review. Both are hard working, successful people. They were looking to have their portfolio reviewed. After their visit a year ago, their portfolio was well allocated. They had large, medium and small cap exposure.

They had international exposure and a reasonable balance between value and growth. **The problem** – What I discovered was that since their last visit, they had been *chasing returns*. It seems that every time they received an investment statement, they would move money to the best performing funds. The result; a 12-month return greater than 80%! However, the portfolio was now heavily growth oriented, and it was over 60% in the technology sector. **Recommendation** – There was no doubt that the changes the clients had made during the year were responsible for the 80% plus return. Had they left the portfolio well-diversified, their return, though good, would have been much less. So, what was my advice? Reduce their growth concentration and cut their technology exposure to about one-half of the current amount. I feel it is very important to maintain a well-diversified portfolio, especially in this volatile market.

CLIENT PROFILE – “Can I do it?”

Carl was about 55, divorced and living in an apartment. He was concerned about having enough for retirement. He signed up for our Financial Physical. **The problem** – This time there was no problem. **Recommendation** – The projections indicated a couple of things to Carl. First, he could actually increase his current annual spending and still be set for retirement. Second, he dreamed of owning a home again, but was doubtful he could afford one. The analysis showed him that he could, in fact, own a home and still have a comfortable retirement.

TECH INVESTING

A friend invested \$1,000 in a tech stock on March 30th. The price per share of stock was \$48. After he purchased the stock, it immediately went up. Today, the stock is selling at \$15, a negative return of 68%. What a great return! During the past 12 months, the stock has sold for as much as \$99 per share and as little as \$10 per share. At least my friend didn't buy the stock at \$99 per share. I suspect that there are many other investors like my friend who are having the same results. History shows that the small investor gets into the market at its high point and sells at the market's low point. The investment “tip” had come from a relative. Who knows, long-term this may be an excellent investment, but it isn't anything I would want to invest in.