

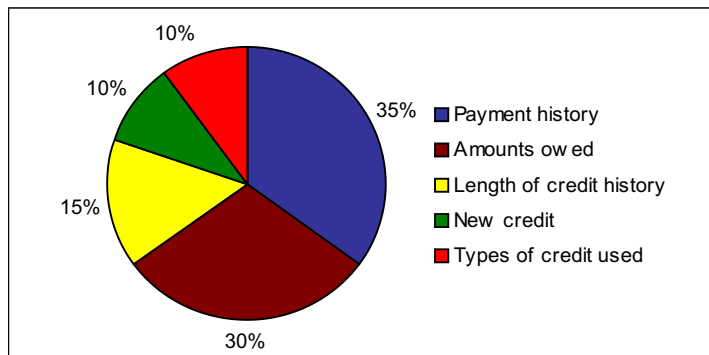
Save money by raising your Credit Score

Your credit score significantly impacts your finances in many ways – for example, the interest rate you pay on your mortgage, how much your auto insurance premiums are, and whether or not you can even obtain approval for a mortgage or other credit.

Your credit scores – which can range from 350 to 850 – are based on the information in your credit reports. Last month's newsletter included information about how you can order free credit reports annually from the three major credit agencies, and reviewing those reports is crucial if you want to raise your credit scores. While those three credit agencies supply credit scores, the industry standard is the FICO credit score issued by Fair Isaac Co.

To raise your credit scores, consider doing the following:

- Review your credit reports each year, and work with the agencies to correct erroneous information in your reports.
- Use less of your available credit, preferably under 30%. While you can ask your credit issuers to raise your credit limits, you're better off paying off the existing balances



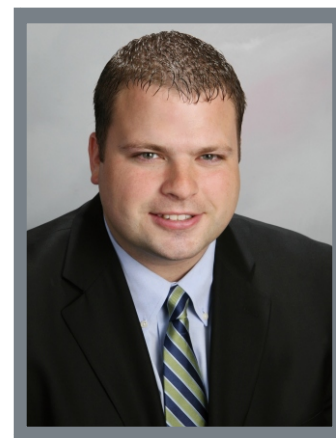
each month.

- Keep existing accounts – even those you no longer use – open and in good standing, preferably with small or zero balances. (Ironically, not having credit cards hurts your credit score because of no or little credit history.)
- Pay all bills and fines promptly. 35% of your credit score is based on your payment history, which includes such things as parking tickets and library fines.

Mentor names new advisor

Mentor Capital Management Inc. is pleased to announce the appointment of Daniel B. Carey, CFP, to its financial planning and investment management team.

Dan has extensive experience in personal finance, having spent seven years with Clune & Associates, a Chicago investment concern. He has a degree in finance from the University of Notre Dame and completed requirements for the Certified Financial Planner designation in 2004.



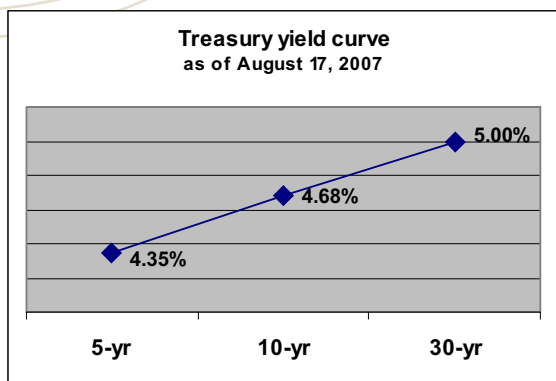
“We've made a great acquisition here,” said John S. Davis, CFP, president of Mentor Capital. “Dan will bring to our team extensive experience in investments, particularly asset allocation, and in helping individuals make the right decisions about taxes, risk management, retirement and estate planning.”

Dan joins John and Tom Adams, CPA. Dan can be reached at 630-530-1110. For more information, see the Mentor website at www.mentoradvisers.com.

What higher yields may mean for you

Over the past three months, bonds have been very volatile. The yield on the 10-year Treasury, after remaining below 4.8% for nearly five years, spiked to over 5.3% in late June, but now has settled back below 4.7%.

What does this mean to you, the consumer? Ultimately, lower mortgage and other loan rates. And if you've held bonds, especially Treasuries, you've seen some nice appreciation. Stock market volatility in recent weeks has driven investors to the safety of bonds, boosting prices and depressing yields.



Toward financial success and peace of mind

Most people go through life thinking little about their personal finances. They close their eyes, move ahead and hope for the best. Whether they succeed depends largely on luck.

For people who don't want to pin their hopes for financial success on luck, we have the answer. It's called comprehensive financial planning. Associates of Mentor Capital Management Inc. have the expertise, the objectivity (because we are purely fee-only) and the resources to help people assure financial success and create peace of mind.

Our work begins with a no-obligation initial consultation, during which we discuss with the potential client their financial concerns, their goals and their objectives. Together we determine whether our services are appropriate and of value. We agree on the terms of the engagement and discuss our fee.

Next we gather data from the client virtually everything related to the client's finances: income and expense,

assets and liabilities, employee benefits, taxes, insurance and estate plan. The timing of the client's goals as well as his or her risk tolerance are also taken into consideration.

We then perform a complete analysis of the data and prepare a comprehensive written financial plan that includes specific recommendations aimed at improving asset utilization and goal achievement. We work with the client throughout the year to implement the plan and to help manage any financial issue that arises.

Our recommendations typically fall among six areas:

- Cash flow – How to maximize cash flow margin, which is then allocated toward savings and investment;
- Cash reserve (emergency fund) – Where to keep it and how much to keep. By its nature a cash reserve will be low-yielding; having too much will impede goal achievement;
- Risk management – Protecting the things we can't afford to lose, such

as our assets or our ability to earn an income. Everyone's risk profile is different, so every risk management plan is different, as well. Sometimes, but not always, involves paying someone else to assume the risk (insurance).

- Financial independence – Will the client have enough income and assets at his or her chosen retirement age? What are the chances that she will outlive those assets?

- Tax management – Income taxes are one of the greatest roadblocks to financial success. Managing taxes is one of the most important elements in any financial plan.

- Estate planning – This means putting the appropriate legal devices in place to ensure the efficient, orderly distribution of our estates.

- Investment management – This is a major key to attaining financial success: Allocating investments according to the timing of goals, while maximizing returns and minimizing risk.

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JOKE OF THE MONTH

Bill calls into work one day to discuss his most recent ailment with his boss. "Hey boss, I've got some bad news," says Bill. "I'm having problems with my eyes."

The boss, concerned about the health of his employee, asks for more details about his affliction. In response, the employee replies, "I just can't possibly see myself coming in today."




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You are receiving this copy of *Financial Planning News* compliments of John Davis, President and founder of Mentor Capital Management Inc. John may be reached at 630-530-1191 or via email at john@mentoradvisers.com.

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