

Client welfare is 'fiduciary' campaign focus

Whether they know it or not, consumers have a choice when seeking financial advice:

- They can work with a fiduciary advisor, whose duty is solely to the client and who works with undivided loyalty to that client; or
- They can work with a stock broker or insurance agent, whose primary duty is to the firm that employs him or her and who must make only "suitable" recommendations.

To help educate the public about this important issue, Mentor Capital Management Inc. has joined a national campaign to help make consumers aware of the distinction between fiduciaries and non-fiduciaries.

"The fact that we are fiduciaries sets us apart from others calling themselves 'financial advisers,' said John S. Davis, CFP, Mentor Capital president. "We want to make sure that consumers know we're different from most others in this business.

"When you add the fiduciary nature of our work to our high level of expertise

and our fee-only nature, it's a compelling message."

On June 1st, The National Association of Personal Financial Advisors (NAPFA) rolled out its **Focus on Fiduciary** campaign nationwide. The fee-only industry organization has created a website at www.focusonfiduciary.com to alert the public to the fact that NAPFA-registered advisors like those with Mentor Capital serve their clients in a fiduciary capacity at all times.

Only a small percentage of financial advisors – those that are registered with the U.S. Securities and Exchange Commission - are held to the higher fiduciary standard of conduct. Most financial professionals are either representatives of "broker-dealers" or insurance agents and are held to a lower standard. In fact, they are required by federal law to act in the best interests of their *employers*, rather than their *clients*.

"In too many cases this means that the client gets short-changed," said Davis.

As fiduciaries, advisors of Mentor

FOCUSonFiduciary™

Capital make the following promises:

- Compensation – We are compensated solely by our clients, and we do not receive any outside inducements for recommending investments or financial products. This is the true definition of being a "Fee-Only advisor."
- Loyalty – Our loyalty lies solely with our clients. We will never be swayed by outside forces to recommend investments with higher commissions or payouts.
- Disclosure – We will always disclose up front how we are being compensated and whether or not any potential conflicts may impede our ability to provide truly independent advice.

The Focus on Fiduciary web site includes information on the differences between fiduciaries and non-fiduciaries, and a brief questionnaire that can be used when interviewing potential financial advisors.

Stocks rising once again

Major stock market indices continue to rise in 2007 – the 5th consecutive year they've done so. While such a long positive streak has happened before, stocks do periodically lose value, sometimes significantly.

Keep in mind that the longer stocks continue to rise, the more likely we'll see a downturn.

While it's nice to see your account values rise, those of you who regularly contribute to retirement accounts should look forward to times when the stock markets go down. Why? You'll be able to invest your contributions at lower prices.



How scam artists find easy victims

If someone offered you an investment with a guaranteed 100% one-year return, would you take it?

If you would, you're not alone. In a recent survey 43% of 1,255 respondents said that if they were given the opportunity to invest in an options-trading system with a guaranteed 100% return, they'd bite.

It is hoped that most readers here are slapping their foreheads in disbelief. They know that there is no investment with such guaranteed results, and that such an offer would likely be some sort of swindle.

"Everyone wants to believe that they can make a 'quick score' on something," said Don Blandin, president and chief executive of Investor Protection Trust in Washington, which commissioned the survey along with "Money-Track," a public-TV series. "They have to understand that there isn't going to be any overnight 'rags to riches' for the majority of people."

Results of the poll support our opinion that the securities business needs more, not less, regulation – at least to protect the public from its own greed.

Mentor Capital furthers adviser education at NAPFA conference

John Davis and Tom Adams attended the 2007 NAPFA national conference in Chicago in early May. NAPFA (National Association of Personal Financial Advisors) is the nation's leading organization of Fee-Only comprehensive financial planning professionals. Its conferences enable members to keep abreast of the latest information, technology, and practice management techniques in all areas of financial planning.

Over 500 NAPFA members attended this year's national conference. Small business financial planning, career asset management, maximizing after-tax wealth, asset allocation, and retirement distribution planning are just a few of the many topics covered.

NAPFA-Registered Advisors are required to obtain a minimum of 60 hours of approved continuing education every two years, with at least five hours in each of six core subject areas. Advisors at Mentor Capital take seriously our duties to our clients to continually educate ourselves about relevant financial planning topics via conferences, seminars, reading numerous financial publications, and local study groups.

Does your estate plan need a tune-up?

Our experience with clients shows that estate planning is typically the last piece of the financial planning puzzle that people address, if ever. Not having an up-to-date estate plan could put you and your family at high risk. If you die without a will, a court (not you) selects the executor and guardian for your children. Without a living trust, your death could result in significant probate costs and taxes (up to 45%).

If you are incapacitated without powers of attorney for property and healthcare, your wishes for how your finances and your health should be handled might not come true. A court will likely have to get involved to make important decisions on the handling of these matters.

Many attorneys specialize in estate planning, and most are willing to have an initial no-obligation meeting to discuss your situation. If you don't have an estate plan, or you are concerned that your plan needs updating, make it a priority to meet with a qualified attorney about your situation.

Gas-Saving myths and truths

A recent CNNMoney.com article addresses gas-saving myths that American drivers commonly believe.

Myths that are NOT true include:

- ✓ Driving with windows down reduces mileage
- ✓ Driving with the air conditioner on reduces mileage
- ✓ Fuel additives improve mileage
- ✓ Starting up and turning off

your vehicle repeatedly wastes gasoline

The article also lists fuel-saving tips you can trust:

- ✓ Keep tires properly inflated
- ✓ Remove excess weight from the vehicle
- ✓ Use cruise control on longer trips
- ✓ Drive the speed limit and avoid rapid starts and stops

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JOKE OF THE MONTH

A man is drowning in the ocean. A boat comes by. "Can I help you?" asks the man in the boat. "No thanks, God will save me," says the drowning man.

Another boat comes by. "Can I help you?" asks the man in the boat. "No thanks, God will save me."

Of course, the man drowns and goes to heaven. "Why didn't you save me, God?" asks the man. "You idiot," replies God. "I sent two boats for you!" (from the movie "The Pursuit of Happiness.")


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