



April 20, 2010

**D3 Business Update:**

Like most of you, we are happy that tax season is over. **Because of some of the strategies that we employed, we were very pleased that many clients received sizable refunds.** Here are some of the tax strategies we're thinking about for clients for 2010.

1. Capital gains are taxed at 0% for 2010 for clients in the 15% or lower tax bracket. Next year all capital gains are taxed at 20%. For some clients, we may recommend taking capital gains later in the year.
2. If Congress takes no action this year, marginal income tax rates are scheduled to rise, on average, 3% across the board, due to the expiration of the tax cuts passed during the Bush Administration. Depending on your situation, this may be a good year to accelerate income.
3. If Congress takes no action, the estate tax exemption is reduced to \$1 million. Depending upon Congress, when we review your estate plans in the fall, we will recommend any action you should take.
4. The tax credit for energy-saving home improvements is set to expire after 2010. If you are considering a purchase, you may want to do so this year. Double check that the improvement meets *all* the criteria before buying; if it does not, you will not qualify for the credit.

We are always trying to improve our processes. Tax preparation is especially time consuming and paperwork intensive and there are always some minor glitches. **If any client has a suggestion on improving our tax preparation process, we would appreciate hearing from you.**

Many people may not have realized that the recently passed Health Care legislation contained significant changes in the tax code affecting businesses and taxes on investment income. **This new legislation will affect everyone.** We have attached a very thorough, 11 page summary provided by the AICPA society that we suggest you review.

**Please contact us if you're considering attending the "Bring Spring" event that we're hosting at the Morton Arboretum in Lisle on May 1<sup>st</sup>. Admission will be free to all our attendees.** Starting at 11 am, our clients and their guests will be served a light box lunch, and then can spend an enjoyable afternoon at the Arboretum. We just ask that you bring a friend(s), whom you think could benefit by being introduced to us. We hope that you'll tell your friends about the good work our team does and provide an introduction. **We will not be selling anything; our team will be there just to answer your friend's questions. Please RSVP to Patty.**

Starting May 1<sup>st</sup> we will begin the annual update of the financial plans for our Comprehensive and Retainer clients. Our goal is to capture as much new information as possible about any changes in your personal situation, so we can help you determine the how best to achieve your financial goals. **We will be sending another letter out shortly with a questionnaire.** Additionally, part of our focus will be to make sure we have all of your insurance information so that we can analyze if you have any risk gaps.

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**As a reminder, the reason why we update your financial plan every year is to help you determine how much risk you have in your financial life. This also helps you determine how much risk you want to take with your investment portfolio.**

**D3 Market Comments:**

Although relatively few companies have reported 1<sup>st</sup> quarter earnings so far, revenue and profits for most companies have exceeded market expectations, propelling stock markets higher. Market optimists are predicting that as sales continue to grow, companies will begin to hire more workers. Some technology companies have already announced their intention to hire more workers, albeit in small numbers. Interest rates are holding steady. The Federal Reserve has recently restated its commitment to keeping rates low for an extended period of time. Also, continued uncertainty over the size of the Greek government bailout, and a lack of improvement in the level of unemployment is keeping investors interested in buying U.S. government bonds.

**D3 Investment Outlook and Strategy:**

Economic data continues to indicate that the U.S economy is improving. The manufacturing sectors continue to grow, and auto sales are also improving. Last year, many economists and financial professionals, including ourselves, were wondering if this severe recession would permanently change the attitude of American consumers towards spending, motivating them to save more of their income. The most recent retail sales data have been stronger than economists expected, hinting that Americans have not decided to save every penny. The average personal savings rate in this country, which fell below 0% during the economic boom in 2006 and 2007, has risen, but has stabilized at just over 3%. Consequently, we are continuing to add exposure to global stock markets for clients with new cash.

**Peter just returned from the Barron's Winner Circle Conference for the top independent investment advisors in the country. We'll write more about any insights in our next newsletter.**

**Last But Not Least:**

We have included your second quarter invoice. For clients who have chosen to have their fees automatically deducted from their accounts, you don't need to do anything other than review the invoice. For everyone else, please either authorize us to debit your account by signing and returning the invoice, or send us a check.

As always, we encourage you to share your thoughts and concerns with us anytime. By doing so, we are better able to help you manage your after-tax wealth. Thank you for your confidence in us! Please keep us in mind if you know someone that needs financial help, or has questions about investments or retirement planning. **Feel free to invite them to join us at the Arboretum on May 1<sup>st</sup>.**

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