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# Did You Know...?

News you can use for your financial well-being

## November–December, 2006

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### A Year of Gains

As the year draws to a close, it appears we'll enjoy a fourth straight year of gains in the stock market. Cumulatively, the broad market (as measured by the S&P500) has rallied about 60% from the lows reached in late 2002. While the gains are certainly welcome, with profits come taxes, and we need to be more aware of potential tax liabilities going forward.

Based on preliminary estimates, there will be some capital gain distributions from SEI funds before year-end, but based on our examination of the estimated payouts the gains are not expected to be extraordinary. Keep in mind that much if not most of the gains we have in the mutual funds is "unrealized", meaning the gain is on paper and not taxable until it becomes "realized". Gains are realized by selling the investment, or through the distributions the fund makes to shareholders.

While we are able to minimize or defer the taxation of gains by using vehicles like the "tax sensitive" funds SEI offers, the bottom line is profits get taxed at some point. As the rising market builds the paper profits in portfolios, and the losses of the recent bear market are erased, we'll again see some tax consequences from our investment holdings.

You can access a current summary of your realized gains for the year through SEI's website ([www.portfolioaccess.com](http://www.portfolioaccess.com)) or by calling us. Distributions are typically made in mid-December, so the information will be most comprehensive after that time.

### My Big Investment

As many of you know, I recently sat for the National Exam to earn my Certified Financial Planner® designation. Although I won't know the results until the end of January (it's a very detailed grading formula), I thought I'd share with you the process I've been through and how it will benefit our relationship.

The CFP® designation is much like a CPA designation, involving hundreds of hours of study across a variety of topics. To be eligible to take the exam, I first had to complete the educational requirement, which was a three-year program of self-study courses and proctored exams. My areas of study included income taxes, estate planning, insurance, investments, and retirement plans. Each course required an investment of approximately 200 hours of study time, and provided a broad and comprehensive review of the subject.

The National Exam, which I took over a two-day period earlier this month, was, in the words of one of my review instructors, "A mile wide and a foot deep!". From mid-September through mid-November, I spent 250+ hours reviewing for this exam. The exam tested not only my "book smarts", but also my ability to apply my acquired knowledge to simulated "cases" involving families much like your own.

My goal in tackling this massive undertaking is simple: to serve you to the best of my abilities. By having a deeper knowledge of the important issues that impact your financial and personal lives, I can better help you navigate the choices, roadblocks, and pitfalls that you face on a regular basis. I'm confident that the knowledge I've gained over the past three years of study combined with my nearly two decades of experience in this profession will be a powerful skill set I can bring to every relationship.

P.S. The pass rate on this exam is typically less than 50%, so whatever positive karma you can emit for me would be much appreciated!

## Success Stories: 06/07 Client Survey

Get ready; your chance to influence the development and direction of Kevin Kennedy, LLC is coming! Yes, the 2006/2007 Client Survey is in its final stages of development and will arrive on your doorstep in late December.

The Client Survey is our way of putting our money where our mouth is: we often refer to our clients being “partners” in our business, and this Survey is one of the ways we encourage input and feedback from you, our partner.

This year, in addition to asking you for a frank and honest assessment of how well we’ve met your needs, we’ll also ask you to “think outside the box” for ways we can help you.

Please keep your eyes open for this important mailing, and take advantage of this opportunity to help us help you!

### Timely Tidbits:

Please let us know ASAP if you’d like to schedule a review meeting before the end of the year. We’d be happy to review the tax liability issues mentioned earlier in this newsletter, or any other subjects of timeliness for you.

This issue of “Did You Know...?” will be the final issue for 2006. Enjoy your holidays!

**Quote of the month: “Human beings, who are almost unique in having the ability to learn from the experience of others, are also remarkable for their apparent disinclination to do so.” Douglas Adams, *“Last Chance to See”*  
*English humorist & science fiction novelist (1952 - 2001)***

***Did You Know...?*** is produced by Kevin Kennedy, LLC, a Registered Investment Advisory firm in Alameda, California. Kevin Kennedy, LLC specializes in providing independent life and wealth management for individuals and families. More information, including a Form ADV-II, is available upon request or by visiting our website, [www.KevinKennedyLLC.com](http://www.KevinKennedyLLC.com).

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