

Northern Financial Advisors, Inc.

TAX PLANNING AND PREP | FINANCIAL PLANNING | INVESTMENT COUNSELING

CREATING THE FUTURE TOGETHER

Quarterly Capsule

ALL IN THE FAMILY - WHAT'S GOING ON AT NORTHERN FINANCIAL

Christine Isham and *David Lentz* co-hosted the 2003 **Gold Conference** at the Sheraton Bal Harbour Beach Resort in Florida this past September. They like to thank those clients who have been supportive of our growth with successful referrals by taking these clients to a pleasant place where they can solicit their feedback on our work and initiatives. This year we learned much more, about which you will hear later on in these pages.

Mick Porter has been busy and successful! He completed all of the requirements for his Certified Financial Planner™ designation and was awarded his CFP® on September 8th, 2003. Even more significant, *Mick* and *Nicole* were again proud parents of a beautiful daughter, *Ava*. Mick took a short paternity leave to be with mom and Ava and we are happy to report, all are doing well.

Dali Nenadov is well on his way to his CFP® designation. He successfully completed the insurance section in the curriculum. Investment planning is the next big hurdle.

We were delighted to congratulate *LaKhaun McKinley* on his marriage to *Anitra Mallory* this past July. The happy couple honeymooned in Hawaii and recently moved into their new home. All our best wishes and sincerest congratulations go out to LaKhaun and his new bride.

The whole Northern team--*Christine, Dali, David, Gary, Karin, LaKhaun, Lennette, Michael, Mick, Rosanna and Una*—spent three days on our first, full company retreat. Something of the work of this retreat can be found within and you may find it interesting and useful. Coming back, we immediately used many of the concepts in working on improving our Tax Operations processes. There is an article on this work that you may find important to review. We had an ambitious agenda and we accomplished a great deal using our new communication skills and tools.

ODDS AND ENDS

Fee Adjustment - Most of you will have already discovered that there has been a fee increase of \$50 this year. This is an across-the-board increase and it arises to reflect an adjustment for inflation. We trust that you will understand this and that we will continue to earnestly give you full value for your fee.

SEP Form – Those clients who currently have a SEP retirement account will have gotten a form from Charles Schwab late last year. There is nothing you need to do to respond. However,

government regulations require that you retain this SEP form in your personal files. If you have questions about this, please speak to Mick Porter, who has been managing this for Northern.

Audit Protection - For those clients who have decided, for any reason, not to renew their agreement with us, we will extend audit protection for any return that we prepared if they have notified us, in writing that they will not be renewing 2/29/04.

The Modern Office

2004 will no doubt be the year in our history where we make our biggest move into both the “virtual” and the “paperless” office. We have brought on staff a person who will manage the Portfolio Analysis Update for select clients starting in 2004. We will be looking at the specific logistics of this as we move along with the broader intention of perhaps having all of the portfolio updates done by an assistant who will be a “tele-commuter.”

We are also getting very serious about shaping our operations to manage our paper and files electronically. Our initial research suggests both daunting challenges and special opportunities to handle paper more efficiently and at the same time, increase our customer service. Inside, you’ll learn more about some of the changes.

OUR RETREAT: DECLARATIONS, REQUESTS, PROMISES, ASSESSMENTS AND ASSERTIONS

We were all out of the office between October 13th and 15th as some of you may have discovered if you called in during this time. We were working on our own growth and development.

Our first all-company retreat was led by Julio Olalla, president of the Newfield Network. Julio is an internationally prominent business coach and leadership development trainer, with a long list of recognizable corporate clients.

In sorting through the options, David and Christine wanted a retreat leader who would help us build stronger relationships among team members. They wanted to create a deeper level of trust and understanding with each other. They hold the view that gains in the quality of relationships will positively impact our work environment and how we might work together, going forward. With Julio, the idea was to develop new eyes (the role of the observer) and new distinctions (language acts). With these new tools, we would improve both our relationships and our capacity for collaboration. Emphasis was placed on valuing the diversity on our team and coming to appreciate how each team member brings a unique perspective and competencies that are all legitimate and that are all necessary to complete the various tasks inherent in our work with our clients and each other.

We spent a lot of time learning of the importance of making effective requests and offers with each other, managing promises, and being authentic and trusting each other. We also spent time exploring the shifting moods in our organization and learning how to manage these moods to create an emotional space that supports trust, the dignity of our fellow workers and the enthusiasm for serving our clients.

What we hope you will see is a new standard of integrity, a more efficient responsiveness to your requests, a clearer sense of our offers and promises and a more seamless set of processes that

minimize breakdowns. “It’s all about client satisfaction,” Julio said more than once and we are hopeful that what we learned will show up for you as an experience of greater satisfaction. We are looking, at the same time, to creating in our company, an on-going mood of employee delight. In this company, we are hopeful that we will build an environment that has the mood of peace, ambition and mutual trust.

QUANDARIES AND FINANCIAL PLANNING MYSTERIES

It’s really something to be a financial planner. In some interesting ways we live out that old aphorism, “the gods propose and the humans dispose.” Every day we make recommendations for insurance changes, investments for college educations and retirement, real estate, address consumer credit, wills and trust issues and even some questions we have no business answering, like whether or not to have a baby this year or next for the tax deduction! So, you can easily imagine that we’re prepared to explore everything from piggy banks to corporate town houses.

One area that we don’t have a good answer for—a mystery, if you will—is why our clients so consistently seem to be unable to do their homework when it comes to buying (and/or selling existing) insurance or getting their wills signed and witnessed.

Mind, we don’t mean to say that we haven’t come up with some interesting speculations. One of us suggested that with insurance it is the one of the rare times we ask them to spend money (as oppose to invest it, like a mutual fund for instance). Life insurance turns out to only be useful if you happen to die along the way and haven’t achieved financial independence for your family. Also, you never get to experience the benefit other than knowing that your loved ones are being taken care of in certain financial ways.

The explanation that has the greatest following around the office is that it’s an “existential” thing, meaning that this matter of death and dying is always a bitter pill to swallow. Why spend any of our good time worrying about something that is inevitable and not the most pleasant thing to contemplate.

There may be something to this in that some of our clients seem to resist all our efforts to get them to sign their wills. You all seem to come to your appointments well enough. And you appear to be very cooperative in providing us with the names of all the people who will populate your wills. But when it comes time to review the changes or get in to the lawyer’s office to do the signing, you just don’t show up! The attorney then sends us the wills and we deliver them to you and then, maybe, if we threaten to twist your arms, you finally get the task accomplished.

We’ve had some very interesting speculations as to what might really be at the heart of this reluctance to deal with insurance and wills and we’ve also had some interesting discussions as to how we might better support you in completing this part of your financial planning. For now, it’s all still a great financial planning mystery and you’re definitely invited to add your speculations and assessments to the stew. But while you’re pondering these grave matters (pun intended), you’re still not off the hook: sell those policies, buy the new ones and get in to get your wills signed and witnessed!

THE FUSS ABOUT THE FUNDS

It seems that each quarter there is some new story coming from Wall Street that speaks about the epidemic corruption of the investment world. There's certainly enough evidence to support this assertion. The latest news of the self-serving practices at some of the mutual funds—Janus and Strong being but the earliest two—just seems to continue in this unfortunate line. More recently, we now learn that some funds have been giving un-disclosed commissions to some firms to push their funds. And what makes all this news particularly disturbing is that, unlike individual common stocks, mutual funds were suppose to be the mom and pop, safety-in-numbers kind of investment.

It's an absolute axiom of our work at Northern that no-load mutual funds are the heart, soul and backbone of our investment philosophy, strategy and approach. If we can't use mutual funds, and no-load mutual funds, what can we use?

Interestingly enough, one of the promises that we make in our service offer is that we will monitor the funds that we recommend and that we will keep our clients apprised of changes that might negatively affect their investment situation.

Very early in the process, upon learning of the after hours trading at the Janus and Strong funds, we sent out notices to those clients that held positions at these funds and made a strong recommendation to sell their positions and either go to cash or call for a replacement recommendation. This is the way it is suppose to work.

The truth of the matter is that at any given point, in any given field of endeavor, there are always secrets that are taking place. That is not even a cynical view as much as a fair assessment of our own everyday experience, incident upon incident of corruption, from the church to the White House. In a certain sense, this might be thought of as a constant, like mice in the corn bins or worms in some apples.

At the end of the day, there will always be thieves, con men (and women), swindlers, market manipulators, liars, thugs and plain old-fashion bad people. Their activities and nature erode security and shrink freedom. There will also be good people striving to do right by their neighbors and striving to make their small heroic contribution to life. We assert that there are more good people out there than crooks. We would also assert that these people are doing their level best to make their clients and customers money by using their best skills to play fair and win. And we further believe that equities will continue to play an important role in each and every investment portfolio. On this basis and our conviction that not all apples are rotten, we will continue to recommend no-load mutual funds to you as we go forward.

And you can count on us, going forward, to continue our vigilance and to inform you when the bad apples are uncovered. We will continue to make our recommendations with your economic interest as our first priority. Truth, justice and the American way may surely be a bit more tarnished in the early part of this 21st century, but thank goodness, they haven't been completely wiped out!