



In brief:

With all the turmoil and uncertainty happening politically and economically it caused me to reflect on the many years we have been here and on the things we have more control over. Since the early 1980's, we have helped people manage their money and by extension, their lives before and during retirement. We have seen the good, the bad and unfortunately at times the ugly. A successful retirement, like a successful life, rarely happens by accident. It happens by design. We have had the great fortune to know and serve thousands of very smart people and over the next two issues, I'd like to share some of the lessons we've learned from them.

Lesson 1: Happiness in later life is not a direct function of how much money someone has. This is hard for many folks to grasp, but it is never a surprise to the smartest people I know. Happiness depends much more on attitudes and behavior than on the numbers in somebody's spreadsheets. Those attitudes are the result of day-to-day choices made over a lifetime.

Lesson 2: Wealth comes from choices people make, not chances they take. Smart people don't wait for luck to make them wealthy. Every day they cultivate habits and follow disciplines that others don't. Basic steps such as, live below your means if you want to be wealthy. Pay yourself first to help build wealth, not a lifestyle that saddles you with expenses. When you save and invest, make your money work hard for you.

Lesson 3: Those who plan can prosper. Smart people plan for retirement – in writing. I know a written plan has no magic of its own. But, people who are serious enough to put their plans in writing are likely to identify where they are, where they want to go and what they must do to get there.

Lesson 4: Don't wait to start saving. Smart people learn early in life how to defer gratification. If you are in your 20's retirement seems pretty remote, but time gives you the opportunity to do a lot, with a little. A one-time investment of \$5,000 when you are 25 will grow (at 10%) to \$140,512 by the time you are 60. If you wait until you are 45, you need to invest \$33,638 to get to the same result.

Lesson 5: Retirement belongs to those who are still with us. Smart people take care of their health. If you want to retire financially secure, you need to live long enough to retire and be healthy enough to live it up. Smart people see their doctors periodically and follow the doctor's advice. They don't neglect their mental health either.

more to come next issue....

***“Shoot for the moon.
Even if you miss, you'll
land among the stars”***

Les Brown

Federal Issues:

Estate Tax Exemption is Portable (for now).

Recent legislation introduced a new, but currently temporary, estate planning concept – exemption portability. Prior to this, if a spouse died without planning for his or her exemption, while the assets can pass to the surviving spouse, the deceased spouse's exemption was lost or “wasted”, leaving a potential estate tax when the surviving spouse ultimately passed. Now, for the next two years, the deceased spouse's estate can pass to the surviving spouse any portion of the federal estate tax exemption that it does not use. As always, this has its good parts but be sure to consult with your Advisor or tax planner to see how it may fit your circumstances.

Wishing you a Happy Spring!

Have you ever wondered how the holiday Easter got its name? The name Easter actually comes from the pagan goddess Eastre. The story begins a long time ago during the reign of Constantine. There was a civilization called the Anglo-Saxons who long before Christianity was born celebrated the return of spring with a grand festival to commemorate their goddess of offspring and springtime. This goddess was named “Eastre,” who, like many pagan gods and goddesses, was represented by an animal: the rabbit. Today we affectionately know Eastre as the Easter Bunny!

During the second century of Christianity, missionaries found these northern tribes and learned that the holiday coincided with the Christian observance of the resurrection of Christ. So, in order to move along the missionary effort they celebrated these two together and began using the Eastre holiday to remember the resurrection of Christ. This made it easier to convert these pagan tribes to Christianity.

Today we celebrate Easter with chocolate bunnies and Easter eggs, which can be lots of fun especially with small children. The tradition of exchanging colored Easter eggs goes back to the 16th century in Germany, where later, it became customary for young people in love to give the decorated eggs to their sweethearts.

However, I’d like you to take a moment, whether you are Christian, Jew, agnostic, or otherwise, and remember that springtime represents a season of rebirth and renewal, which everyone could use in their life. Regardless of tradition, we wish for all of you the renewal this time of year can bring! So, hit the beach before it gets too hot.

Retirement Plan Talk:

The start of a new year is a great time to make sure your 401k is working hard for you. One of the common mistakes that people make in managing their retirement account is they don’t make any changes in their 401k investments.

Studies show that just one in six 401k participants ever changes investment selections in their plan. Your retirement plan is not a “set-and-forget” investment. Hopefully, your plan provides ongoing participant advice or you have an advisor relationship where you can get help.

It’s a lot like getting your car serviced – every few months, your car needs an oil change or maybe a tune-up. With today’s economic climate and uncertainty being proactive is even more important.

If you have left a 401k with your old employer please call us. You may be overpaying to keep it there, missing out on diversification capabilities, and your beneficiaries may lose the “stretch” opportunity.

IRA Update:

Perhaps the most common account people have at some point is an IRA. While they can seem fairly simple, in fact IRA's can be quite complex and filled with trips and traps that can end up being very costly. In this newsletter we finish up our spotlight on some of the more common mistakes that can happen;



Not taking advantage of the full contribution limits. Contribution limits for 2010 and 2011 are \$5,000 for each year. IRA owners age 50 or older can make an additional \$1,000 “catch-up” contribution for each year also. Contribution limits for non-working spouses are the same as for the working spouse.

Taking the wrong required minimum distribution (RMD). While there is no penalty tax to IRA owners in their 70's for taking more than the RMD out of their accounts, those who do not take enough out each year may be subject to a federal income tax penalty of 50% of the amount not received as an RMD. The amount of RMD each year is based on the amount of assets across all retirement accounts including IRAs, 401ks, or other types of plans. Consolidating your retirement assets may make it easier to manage these distributions (part of our annual service here at Csenge Advisory Group)

Missing important dates. Estate taxes, if applicable, will be due nine months after the IRA owners death. The same deadline applies to beneficiaries who may wish to disclaim IRA assets. Similarly, there are additional key dates that cover the determination of whom the “designated” beneficiary will be and when beneficiaries must begin receiving distributions in order to preserve the lifetime Stretch-IRA. Missing any of these can become a costly and irreversible mistake.

Source: MFS Investments

Technical Corner:

There was an article on momentum in stock markets recently in *The Economist* magazine. Momentum is otherwise known by its original name; relative strength.

Since the 1980's studies have repeatedly shown that, on average, **shares that have performed well in the recent past continue to do so for some time.** Longer-term studies have confirmed that this “momentum” effect has been observable for much of the past century. Nor is it confined to the stock market. Notice in the sports world of the preponderance of rankings. From golf, to tennis, to college football, players or teams that have performed well, tend to continue to do so for some time. Even the high-priests of efficient-market theory have acknowledged the momentum effect and the power of relative strength as a return factor.

Is relative strength magic? No. Does it work every quarter? No. But, **its power is undeniable, which is why our investment process rests on a systematic application of relative strength.** We think it gives us an excellent chance of achieving stronger returns across equity markets and global asset classes over the longer term.

The Economist: Jan.6, 2011

Based on current Relative Strength, we are cautiously optimistic but with the general prevailing themes including;

Growth stocks	over	Value Stocks
Small / Mid	over	Large
U.S. Stocks	over	International

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Sectors exhibiting Relative Strength:

Technology
Consumer Cyclical
Emerging Markets
Real Estate
Energy

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In the news:

A BIG, important reminder! April 18th !

I know, you're thinking April 18th, he must have meant the 15th. Nope, this year the deadline to file your taxes for 2010 is April 18th. It's three days later this year because Emancipation day, a holiday observed in the District of Columbia, falls this year on Friday, April 15th. By law, District of Columbia holidays impact tax deadlines in the same way that federal holidays do. Sorry to all those accountants and CPA's out there, looks like another weekend lost.

Beginning in April....

As you may be aware from notices in your statements, on 3/31/2011, Pershing will begin charging \$1.50 per trade confirmation statement mailed out. Many of you have already gone "paperless" and will not be affected by this. For those who have not, but would like to, just give us a call and we will email you instructions to get yourself set-up.

Congratulations!!!.....it's happened again

The holiday season brought exciting news for our "family" here in the office – another engagement! Liz and her new fiancée Fred announced their engagement. They are planning for a November wedding. Next time you see her or catch her on the phone be sure to give her a hearty congratulations



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