

# ESSENTIALS BY DEBI & JIM BOWMAN

## BOWMAN & BOWMAN CONSULTANTS, INC

2701 W. 15<sup>th</sup> St. #554 Plano, TX 75075 Office: 972-578-5095 Fax: 972-578-6687

email: [jmdwbowman@attbi.com](mailto:jmdwbowman@attbi.com)

Complete Financial Services

[www.bowmanbenefits.com](http://www.bowmanbenefits.com)

## Looking Back

2001 was not a rewarding investment year. Most of us lost value in our portfolios. Of those who lost the least, many had a fixed investment portion within their portfolio. To many of you, fixed means low returns. It can also mean regular or guaranteed. And who among you wouldn't have like to been able to maintain portfolio value during this past year?

Although I do not recommend an entire portfolio of fixed investments for those of you who want to participate in the equity markets, adding this component will help stabilize or anchor your investments. Because fixed investment products do not decrease in value once interest is credited, they protect your portfolio during downturns in the equity markets. True, during rising equity markets, your returns may be lower on these investments, but isn't it total portfolio value that you want to preserve?

All of us get very excited about making money investing in equity markets. Yet, most of us do not take losing money and portfolio value as well. The emotion of winning and the emotion of losing both come into play. What many have discovered is the emotional aspects of losing is stronger than the emotional value of winning. **If this is you**, the guarantees and safety of having a fixed component in your portfolio will help balance the risk in your investments.

For those who are currently living off their investments, loss of share value has had a negative impact on current income. If there had been a fixed component, with its no loss of value, this could have helped balance current income and possible protect you from having to sell lower valued shares. It would also have provided a time cushion for equity investments to gain some or all of their value back when the markets grow again.

We believe these are some of the lessons learned during the past downturn in the stock and bond markets, since investing in equities is a long-term commitment, and up and down periods of the market will exist in the future as they have in the past.

There are many other reasons for a fixed investment. Consider how this would have helped your portfolio based on the recent equity market trends. We will be glad to show the variety of products available and current returns. Some may be more attractive than you are aware. It may prove a wise decision to review what is available.

Remember the past and let the joys of future portfolio growth be maintained. Help prevent the deterioration of your portfolio value and the accompanying negative emotion that goes with it.

In annuities, all guarantees are based upon the claims paying ability of the issuing insurance company. Investment results cannot be predicted or projected.

## 2002 HEALTH LAW CHANGE

The Texas legislature passed HB1440 this year changing the legal age a dependent may stay on a parent (or grandparent) policy. Unmarried children (young adults) may be covered on their parent's plan to age 25 and there is NO requirement of full time student verification. This also applies to those grandchildren claimed as dependents for federal income tax purposes. This change takes place January 1, 2002.

## New EMAIL Address

Due to the bankruptcy of Excite our email address has changed. We are no longer @home, but now @attbi , (see complete address at the end of this section).

Many of you are using email to initiate contact with us. This allows us time to research the answer to your questions. Many times, we can respond with the answer by email. In today's hectic world, this can be helpful. This is especially true for those of you who travel, yet have internet access.

We would like to add more to this list, so **PLEASE provide us your email address** by sending it to: **jmdwbowman@attbi.com**

## Company Status – an update

We have had several people ask us how our company has fared, especially after the September 11<sup>th</sup> crisis. Just as with you, the couple of weeks afterward resulted in little new business or inquiries. People were preoccupied with other things.

However, since October, business has returned to its hectic pace. Although we are not pleased to hear of layoffs, because we offer individual insurance and much lower rates than many are offered through COBRA or continuation of benefits, this has resulted in many inquiries and new business. It has also resulted in 401k rollover clients.

Although some people find us on the internet or in the yellow pages, most are referrals from our clients. Sharing with others how our services helps you enables us to assist many. Trusting us to take care of your associates, friends and family is a compliment. For this we thank you.

Although a tough year, overall 2001 saw the company continue to grow its benefits coverage. We have asked Debi's sister Jeanette to join our company. She is here part-time and some of you may have already spoken with her. In addition, 7 new agents are providing prospective clients and leads to our company. This brings the active number of sub-agents to 14. The companies which we represent remain financially strong and remain committed to their products. We have even added a few new companies to our list of companies to strengthen the line of products we represent.

The year 2002 brings its new challenges just like years past. Our hope is for a better economy and peace. Both of which there seemed to be a shortage of in 2001. We look forward to serving you and continuing to provide quality insurance, benefit and financial products.

## Power of Attorney

Powers of Attorney (POA) give another person the power to act on behalf of the person granting the power. This power can be broad, broad with express limitations or specific, depending on the need.

Texas statutory law recognizes two types of POA. They are **durable power of attorney** and **durable power of attorney for health care**.

Durable power of attorney is a written document, signed by the grantor, notarized, and should be filed with the county clerk in the county you reside. This document designates another person as an attorney in fact for the grantor, meaning to act for or on behalf of the grantor. The power can only be revoked by a written revocation (or express language in the original power). Death of the person granting the power also revokes the power. Disability or incapacitation of the grantor does not revoke the power.

Durable power of attorney for health care grants a person the authority to make certain health care decisions on behalf of the grantor. It must be in writing, signed by the grantor in the presence of two witnesses, neither of which may be the grantor's health care provider, spouse, heir, inheritor under a will or the person to whom the power is granted. Witnesses must affirm the grantor appeared to be of sound mind at the time the power was granted. The power grants the authority to consult with the grantor's doctor and make health care decisions based on the grantor's best interest. There are some limitations. It is recommended that the grantor's doctor and health care facility be provided a copy of this document.

You should consult legal counsel in the drafting of these documents.

## Life Insurance

Rates for term life insurance have been reduced in 2001 due to longer life expectancies. With rates at their lowest levels, now is the time to purchase coverage (or additional coverage) to protect you and your family. This appeared in our July 2001 newsletter and it did not motivate many of you to buy more protection.

Then came the tragedy September 11<sup>th</sup>. It brought home the point that life is not certain and the loss can be devastating. Since that time, we have had a record number of people complete applications for coverage.

Without the income of the main earner, how would your family live? How would those debts and the mortgage be paid? If the mortgage can't be paid, where will your family live? If the surviving spouse does not work, where will income come from to keep the family going? Who will do or pay for day care should a homemaker need to go to work?

These are all-important questions. We would encourage you to assess your priorities and planning. \$50,000 or \$100,000 of coverage may not be enough. With today's lower cost, adding more coverage can be less than you thought. Replacing old policies may allow you to have more coverage without adding additional costs. You should probably need to consider coverage separate from that provided from your employer.

Adequate life insurance can provide the funds to pay debts and produce income. Your family will thank you.

## Health Benefits

Are you taking advantage of the wellness benefits your health coverage offers? Whether you have an individual or group plan, each plan offers some form of coverage to review your current health status.

It is our opinion that since you have the benefit, taking advantage of it is in your best interest. A simple physical exam, combined with appropriate testing, can keep you and your family healthier. This means that future cost associated with undetected problems can often be prevented.

If you purchased your health coverage through us, contact us and we can let you know how to use this benefit. If you have coverage through your employer, call your benefits administrator or contact the insurance company's membership department and ask them how the benefit works.

What better way to begin a new year. It's your health. Make it the best it can be.

## SPCA of Texas

As many of you know, we have 2 dogs. We are also supporters of the local SPCA (Society for the Prevention of Cruelty to Animals of Texas), with animal care centers in Dallas and McKinney.

If you would like to help them, they are especially in need of new/old towels and pet toys and bags of cat litter. If you prefer, you can make a cash tax deductible donation. You may send these gifts to us and we will deliver for you or send directly to the centers at: 362 S. Industrial Blvd. Dallas, TX 75207. The website is [www.sPCA.org](http://www.sPCA.org)

## Brand New for 2002

There is a company that provides term life insurance with a return of premium rider. This means you can purchase a 15, 20 or 30 year level premium policy and when you make all the payments, your total premium is returned at the end of the term. That means that when you outlive the policy, you get all your money back, making this a no cost purchase. (Partial refunds are available for policies forfeited before the entire term.)

We calculated the rate of return on the extra premium paid and it works out to be about 9%. Where else can you receive an after tax return like this? With the insurance company guarantees and the refund of premium income tax free, we feel this is an excellent way to buy life insurance.

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## Winter 2002 Calendar of Events

January 30 1 - 2pm	<i>Plano Senior Center</i> Review of 2002 Tax Law Changes.
February 21 10 – 11:30am	<i>Plano Senior Center</i> Understanding Health Insurance. Discuss what is available today.

*We hope you were able to enjoy the holidays and be reminded of the true meaning of the season. We all have plenty to be thankful for. It was a time to give and receive, to be with family and friends, and to take time to enjoy all that we have. It was also a time to renew your faith and share it with another. God Bless everyone.*

*As the New Year is upon us, we wish you the best.*

Jim Bowman is a Registered Representative offering securities through FFP Securities, Inc., Member NASD/SIPC  
Jim is also a Registered Investment Advisory Agent who offers services through FFP Advisory Services, Inc.