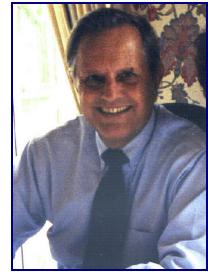


from *Chuck's Desk*

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8105 N.W. 58th Place
Fort Lauderdale,
FL 33321-4520

Tel. (954) 720-8750

Fax: (954) 720-1913

E-Mail:

cdonovan@bellsouth.net

We are on the Web!
www.affordabl.com

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If you enjoy reading my newsletter, the highest form of compliment I can receive is a referral to your friends, family and business associates.

Chuck Donovan

How Good is Your Living Will

The Terri Schiavo situation in 2005 encouraged many people to obtain the ***Five Wishes living will document, a twelve page instrument covering medical, spiritual, and personal end-of-life choices.***

In it they wrote out directives for the care they wished at the end of their life if they could not speak for themselves like Terri Schiavo. Having done so, they felt they were now fully protected. They would retain control avoiding the lengthy family feud that occurred between Terri Schiavo's husband and her parents.



A Living Will

A living will is a legal declaration stating the life-prolonging measures you want performed if you are rendered mentally or physically unable to express your desires. It satisfies the legal requirements of Florida and thirty-five other states.

Under Florida law a living will becomes effective when doctors determine a person is terminally ill, incapacitated or has little hope of recovery.

Doctors' Concerns

Doctors are afraid of being dragged into a bitter Schiavo-Shindler type family feud. They have raised concerns about living wills and often ignore them because they fear lawsuits. They claim a living will is not a legal document and, therefore, does not mean anything.

Doctors mention living wills state what medical decisions a person does not want and fail to include the medical decisions a person wants. The use of a ventilator, feeding tube, hydration, resuscitation, lifesaving drugs, blood transfusions, dialysis, surgery, pain medication, and other life prolonging measures are not covered generally in the documents.

They say most living wills fail to mention a person's feelings about the use of life prolonging devices if he is in a coma or a persistent vegetative state or has a terminal medical condition.

Medical Crises May Not Be Covered

A living will covers terminal illness and permanent unconscious conditions but other conditions may not be addressed. It will not stop paramedics or emergency room doctors from trying to revive you during a medical crisis.

Frequently the medical crisis you are in is not covered in the document. As a result doctors would prefer to talk to someone to get guidance rather than to rely on the



Affordable Business Services provides a complete range of tax, accounting, and consulting services to individuals and businesses at affordable fees.

Chuck Donovan started the firm in 1993 with a single principle in mind – to provide quality financial services that meet and suit his clients’ needs. He has built a successful operation by combining personal attention and expertise with quick, accurate, friendly service.

The company’s growth has been fueled by referrals from existing clients and peers. The hallmark of Affordable Business Services remains the individualized service that addresses his clients’ unique requirements small or large.

Chuck is a graduate of Dartmouth College and has a MBA in Accounting and Finance from American International College.

language written into the living will.

Non-Medical Choices

Elder-law attorneys say naming a **health-care surrogate** within the document is very important. The health-care surrogate can make medical decisions in a person’s behalf if he is incapacitated.

They point out that **other non-medical choices** should be added to the document. They include such considerations as: the donation of organs, an autopsy, the release of health care providers from liability, the responsibility for unpaid bills after death, and the access to personal medical records.

Improvements in Your Living Will

Clearly the living will needs to describe in as much detail as possible any and all crises you may be in at the end of your life when you cannot speak for yourself.



Doctors are well aware that you may not know what these crises may be and the medical decisions available to prolong your life when they may occur. **They feel the only way to satisfactorily address them is to sit with you and go over each one, so they may be written into your living will.**

During the 1990s doctors in Oregon were concerned with this problem, because living wills were not being honored in the state.

Physicians Order for Life-Sustaining Treatment

The Oregon doctors created the Physicians Order for Life-Sustaining Treatment or POLST, a form that puts a person’s desires expressed in the living will into a medical document. A POLST is designed to address the medical decisions regarding what a person wants.

A POLST is generally used when a person has a year or less to live and viewed as an end-of-life wish list. The doctor goes over the document with him asking about specific treatments. **When the doctor completes and signs it, it becomes a physician’s order easily recognized by health-care personnel.** Emergency medical technicians, nurses and physicians can then read and follow its instructions.

Physicians Orders for Life-Sustaining Treatment are being used in West Virginia, New York, Oregon, and Pennsylvania. **A Tampa state representative is currently sponsoring HB 1017 to create a voluntary POLST procedure and form in Florida.**

What’s Your Investment Style

I am asked frequently about investments and the kinds and types of securities to invest in. I have found that **most people cannot describe or do not know what their investment style is.** This makes responding to the questions difficult.

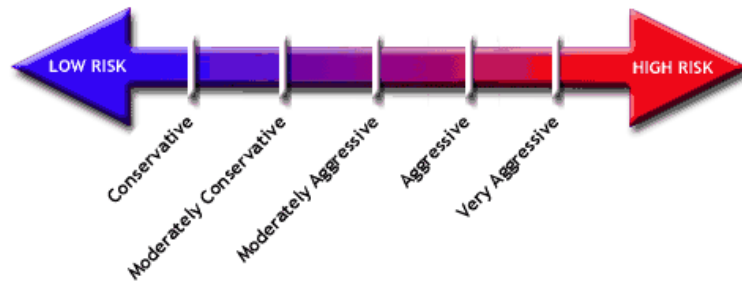
All say their objective is to preserve their money and add to it. They would like to earn more on their funds than they can get from certificates of deposit and money market accounts and the current earnings on their portfolio. There is unhappiness with the investments they currently have in the portfolio and the performance of their brokers. In most cases they have lost money. **But this is their objective, not their investment style.**

Your Acceptance of Risk Determines Your Style

However, when asked what their investment style is, they have no idea. In fact, *many admit that, when their broker asked them whether they were conservative, moderately conservative, moderately aggressive, aggressive, or very aggressive, they choose one of the aggressive categories.* They did not know what each category consists of but felt selecting a conservative one would cause the broker not to work very hard for them.

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Click on the Newsletters tab for the issues of the newsletter from 2002.



These five categories are classifications established by investment companies in an effort to make investing easier for their clients. For each investment style the investment companies have created model portfolios ranging from a low risk to high risk and low return to high return based on how much of the money is distributed among stocks, bonds, and money market funds.

The more money that is invested in bonds and cash funds the more conservative and less risky the category is. Conversely, when most of the money is in stocks, it is very aggressive and a high risk.

Your Style Affects Your Return

The conservative to aggressive styles are based on the risk and return personalities of stocks, bonds, and money market funds.



- **You are Conservative** if you want to preserve your money. You will have most of it invested in bonds and money market funds with a small amount invested in stocks. *Your risk of loss is low but your return will also be low.*
- **You are Moderately Conservative** if you want to preserve a large part of your money but also want to earn a higher return on it. To do so, you will have about two thirds of the money in bonds and money market funds with the remainder in stocks. *Your risk of loss is higher than the Conservative investor but your return will also be higher.*
- **You are Moderately Aggressive** if you want to carry water on both shoulders with your money split almost equally between bonds and money market funds

and stocks. ***This style is usually for a younger person whose investing timeframe is five or more years and willing to accept some risk.***

- ***You are Aggressive*** if you want your money to grow as much as possible and ***are willing to accept large gains and losses in its value to achieve this growth.*** You will have most of your money in stocks and the remainder in bonds.
- ***You are Very Aggressive*** if you have nearly all your money in stocks. You want to achieve maximum return having your money grow as much as possible over a long period. You are a gunslinger and can stomach wide fluctuations in the return. ***You are willing to accept sizeable and significant gains and losses over a short period because you are investing for a lengthy period.***



Cookie Cutter Approach

For what I have seen and heard, ***brokers do not explain the make up of each category very well*** (if at all) but simply ask an investor to select a style from among the five categories. Based on the answer, the money is placed into the category's model portfolio in its predetermined percentage of stocks, bonds, and money market funds and within each into the securities the investment company has selected for it. It is much like a cookie cutter.

The investment community calls this distribution among stocks, bonds, and money market funds asset allocation and considers the division of the money among the assets a strategy to achieve diversification and maximize the return for your chosen style.

No Investment Style Is Forever



These styles are considered guidelines and can be changed or modified at any time. As a practical matter, though, I have yet to talk to someone who says he has changed his investment style. My guess is that, ***once a style is chosen, a broker continues investing with that style in mind and revising it is never discussed.***

As a result, ***it is important that you know and decide what you want to do with your money and how this decision relates to one of the above investment styles.*** You can then review your portfolio noting how your assets are allocated among stocks, bonds, and money market funds.

You may find that the moderately conservative style you chose originally has suddenly become a moderately aggressive one but you now want to be conservative. You will have to insist on making changes in your portfolio immediately.