4th Quarter, 2012

Monument Quarterly

www.monumentwealthmanagement.com | 703-504-9600

Timothy R. Lee, CFP®
Managing Director

Insurance Strategies to Help You Protect Your Business

As a business owner, you need to ensure that you have adequate insurance coverage to protect family, business partner(s) and key employees, so that no matter what the future holds, the business can continue to provide for those who depend on it.

With the right insurance strategies in place, you can guard your business against financial loss due to illness, disability or death. Here are some tips for putting in place a proper plan that will help protect your business, yourself and your families' needs.

Inside This Issue

Obtain adequate life and disability insurance to cover all assets

Did you take out loans secured with personal assets to start or grow your business? If your family inherits the company and the loans have not been paid off, they might have to sell or liquidate the business (perhaps at a discount) to satisfy the debts. Protect them with an individual life insurance policy that provides funds to cover debts, ongoing living expenses and future plans.

Have a plan in case a business partner becomes the only partner

A buy-sell agreement ensures that you or your co-owner will buy out the other's share of the business when circumstances take one partner away from the company.

Develop an exit strategy

Be prepared to leave your business, no matter what the reason, with a strategy that focuses on four key areas: estate planning, retirement planning, succession planning and business valuation.

Insure the right-hand man (or woman)

Purchase key person life and/or disability insurance for employees who greatly contribute to the bottom line of your business; the policy's benefits can help make up for lost sales or earnings and help cover the cost of finding and training a replacement.

Continued on page 3.

Monument
WEALTH MANAGEMENT

David B. Armstrong, CFA
Managing Director

Where Money Can Go When You Die

By David B. Armstrong, CFA

Someday, you are going to die.

So what does that mean? Plan for it and plan for it now. At its core, it can be a very simple project. Start with the money you have, and decide where you want it to go because the reality is your money can only go to one of four places during your life and after you are gone.

That's right, four places. Here are your options:

1 You can spend it. Shocking I know, but you have heard people jokingly say they want to "die broke." What they are saying is that they actually want to spend all of their money during their lifetime and have nothing left over to give to the three remaining places that money can go. It's a good strategy and requires some planning because the downside, of course, is that you go broke before you die. Making some assumptions and having a solid financial plan in place can lower the probability of this happening.

2 You give it to family. This is the obvious choice and usually the most popular. It's also misunderstood. While you can choose to give your money to your family either during your life or after you die, it's easier to do it while alive. This is especially true this year. Under current (2012) legislation, a person can give $13,000 per year tax-free to anyone he or she chooses. That means a married couple can gift $26,000 per year to any one person tax-free. Additionally, the current law allows for $5,120,000 per person as a lifetime limit, meaning a couple can gift over $10 million. It's easy to see how quickly a plan can be implemented to get tax-exempt money to family under current legislation.

3 You can give it to charity. Again, like giving money to family, this can be done during or after your lifetime. Remember that while gifting money to a charity can be a big tax savings in addition to making you feel good, it obviously lowers the amount of money that will be left over to go to family. Again, proper planning is essential in order to strike a balance if necessary.

4 You can give it to the government in taxes. We all pay taxes while we are alive, that's obvious. What's not so obvious is that the government can come in and take a huge bite out of your estate after you die. This is where your money goes if you have a lot of it and you fail to spend it all or plan for it to go to family or charity before you die.

Most people choose to spend their money in combination with gifting to family and charity rather than choosing to "gift" it to the government (if that's your favorite option, your best investment may be in a good therapist).

Any way you slice it, and regardless of net worth, having a good plan for where the money goes during and after your life is a good idea and a simple exercise.

Control the things you can control. Having a plan is one of the most important things you can do for yourself and your family.

This article and others written by David B. Armstrong can be found on www.usnews.com. Please see article disclosures on the back cover of this newsletter.

Go Beyond Traditional Asset Allocation

By Dean J. Catino, CFP®

Dean J. Catino, CFP®, CRPC®
Managing Director

Most investors are aware of the importance of diversification across traditional investment asset classes, such as stocks, bonds and cash. We also understand that the stock market has historically moved in cycles over many decades.

Take the last few decades for the Dow Jones Industrial Average, which include extended bull markets when market values are rising, as well as long bearish stretches where markets move sideways or fall. Over the last 12 years (2000 to 2011), the cumulative return for the Dow was less than 12 percent, in contrast to the preceding 17-year bull market (1982 to 1999) where the Dow posted an astounding 1,003 percent cumulative return (see chart below).

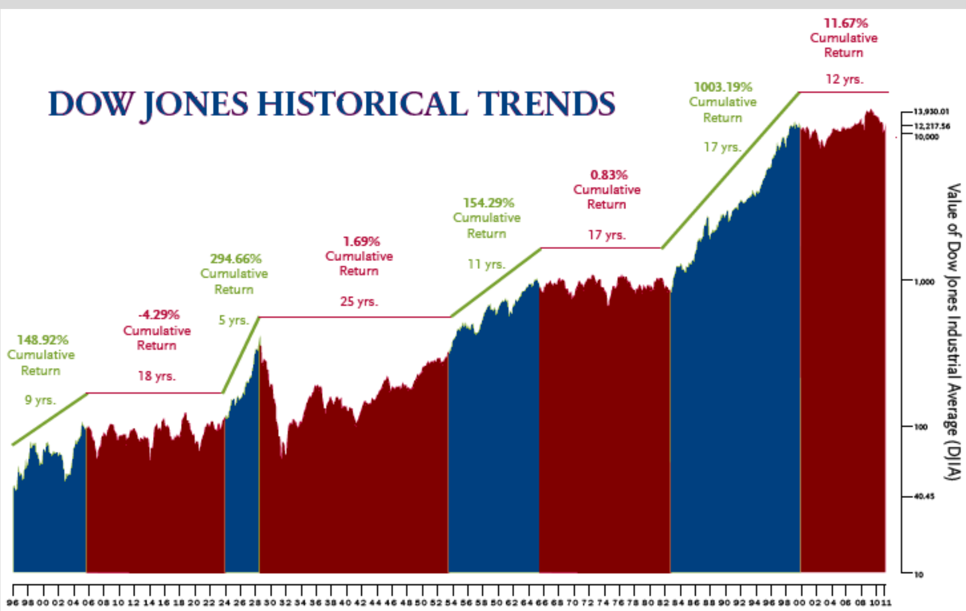
There's a limit to what we can glean from those figures, but there's one obvious lesson (especially if you think the market's future looks more likely to reflect a continuation its recent results): Returns are unpredictable, and you might want to consider building a long-term investing strategy that includes managing risk as much as your return. That means diversifying even more.

By combining traditional asset classes with alternative investment options, like managed futures, commodities and others, as well as strategies centered on risk management and tactical management, there is a potential to increase returns and lower volatility.

It's the sort of thing that university endowments do now, with some success. As reported by the NACUBO-Commonfund Study of Endowment Results, over the last decade, the Standard & Poor's 500 index returned a modest 2.7 percent, while 472 university endowments of all sizes consistently outperformed the index. Interestingly, endowments with the greatest exposure to alternative assets performed the best, with average annual yields of 6.9 percent.

The goal is to grow your portfolio, so market exposure is an important consideration. The next step is to bring together investment strategies and options that help manage risk and keep you invested during uncertain times. Traditional investments tend to move in tandem during times of volatility which makes building a diversified portfolio a greater challenge. Portfolios that have included alternative investments have historically been associated with less correlation to traditional investments. This means they may perform differently under the same market conditions and can potentially provide further diversification, lower portfolio volatility, and potentially increase returns.

Continued on page 4.



Logarithmic graph of the Dow Jones Industrial Average from 12/1896 through 12/2011.
Source: djaverages.com

What's Happening at

The past quarter at Monument can be summed up in 3's...

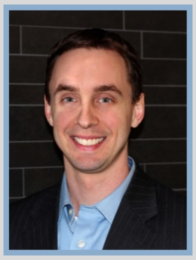
3 Publications:

Dean J. Catino, CFP®, CPRC®, wrote an article titled "Planning for Liquidity," which was published in Private Wealth Magazine's November issue.

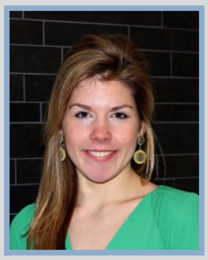
The New York Times November article, "Hasty Decisions May Cost More Than Higher Taxes" features insight from **Timothy R. Lee, CFP®.**

David B. Armstrong, CFA, was quoted in "All Weather ETF Portfolio Strategies" which appeared in the November issue of Financial Planning Magazine's ETFs Resource Guide.

3 New Employees:



Spencer D. Rand, CFA
Asset Management Associate



Kate B. Andes
Client Services Associate

Kristen E. Owen
Wealth Management Associate

Visit our website to read more about them and what they will be doing for you!

Insurance Strategies to Help You Protect Your Business (*Continued*)

Take care of the employees, and they'll take care of you

Workers consider employee benefits (health, life, dental, vision insurance, retirement plans) a decisive factor when evaluating a new job opportunity. However, employee benefits can be costly, so if you are a small employer you will want to share the costs with your employees.

Reward the top executives

Section 162 plans (Executive Bonus Plans) are a simple way to reward top employees and offer certain tax advantages. Your employee purchases a cash rich insurance policy and names himself/herself as owner; you receive a tax deduction for paying the premiums, which are considered compensation to the employee.

Please see article disclosures on the back cover of this newsletter.

MWM?!

3 Conferences:

This quarter, **David B. Armstrong, CFA**...

spoke at the October Financial Times Investment Management Summit in NY,

spoke at the November Global Indexing & Exchange-Traded Funds Conference in AZ,

and attended LPL Financial's November Business Leaders Forums in CA.

Our Top 3 U.S. News & World Report Blogs of the Quarter:

"The Economy, Not Markets, Decides Elections" by **Dean J. Catino, CFP®, CPRC®**

"Investing's Rules of the Road" by **David B. Armstrong, CFA**

"3 Things to Remember About the 4th Quarter" by **David B. Armstrong, CFA**

These articles and more written by the Partners can be found by searching "Monument Wealth Management" on www.usnews.com

Find us Online!

Our Top 3 MWM Blogs of the Quarter:

"Lindsay Lohan and the Fiscal Cliff"

"Wealth Management in a Picture"

"Post-Election, the Equity Market Sell-off and the Fiscal Cliff"

Visit our website to view these blog postings and others by David B. Armstrong, CFA.

Go Beyond Traditional Asset Allocation (*Continued)*

To address market unpredictability and volatility, risk management strategies seek to systematically reduce risk exposure when markets trend downward and increase exposure when markets trend upward. Strategic allocation and tactical management may provide greater flexibility and responsiveness to the dynamics of the market, that seek to identify trends, risks and opportunities over time—and through business cycles.

This article and others written by Dean J. Catino can be found on www.usnews.com.
Please see additional article disclosures on the back cover of this newsletter.
Alternative investments may not be suitable for all investors and involve special risks such as leveraging the investment, potential adverse market forces, regulatory changes and potentially illiquidity. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Asset allocation does not ensure a profit or protect against a loss. Tactical allocation may involve more frequent buying and selling of assets and will tend to general higher transaction cost. Investors should consider the tax consequences of moving positions more frequently.

Monument Wealth Management is an independent Private Wealth Planning℠ and Investment Management firm in the greater Washington D.C. area.

Our clients are wealthy individuals, corporate executives, and business owners, who receive sophisticated financial planning, portfolio management, and personalized client services.

As a fully independent and conflict-free firm, we are able to provide unbiased financial advice while making the most appropriate choices for our clients tailored to their individual situations.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Monument Wealth Management, a registered investment advisor and separate entity from LPL Financial.

Monument
WEALTH MANAGEMENT

1701 Duke Street, Suite 425
Alexandria, VA 22314
703-504-9600
info@monumentwm.com
www.monumentwealthmanagement.com

Disclosures

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Monument Advisory Group, LLC. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. Monument Advisory Group, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Monument Advisory Group, LLC's current written disclosure statement discussing our advisory services and fees is available for review upon request.