



Newsletter

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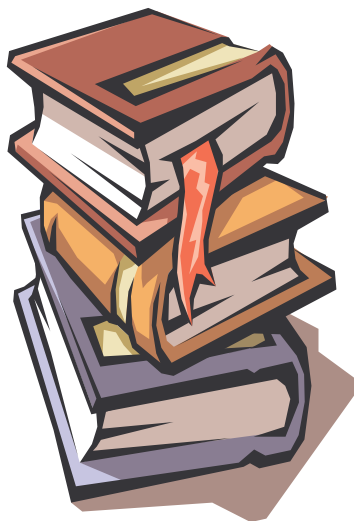
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529: A Number that Adds Up for College Savings

College Savings Plans Are A Growing Investment Option That Investors Can Count On

Whether you want to help your own children or someone else's (even yourself) with college costs, the simple fact is college doesn't come cheap. The good news is, you're on to that fact. The better news is there's a viable way for investors to begin planning for the costs of higher education. It's commonly known as a "529 Plan." Created in 1996 by Section 529 of the Internal Revenue Code, a 529 plan is a Qualified Tuition Program for college savings.

Qualified expenses include tuition, room and board, books and supplies. Each account has an owner (you) and a beneficiary (the prospective student). Your contribution is entrusted to the state for the beneficiary's future college expenses. There are other college savings investments, including the Coverdell Education Savings Account, UGMAs and UTMA's, but the benefits of a 529 Plan may exceed these alternatives.



College Costs Are Really Stacking Up

Why Start Now?

The reasons for planning ahead for college are clear:

- The U.S. Labor Department estimated that, in 2000, 85% of the nation's jobs required education or training above the high school level.
- People with a college degree earn 81% more on average than those with only a high school diploma.
- For most people, financing a college education requires long-term planning. College costs are on the rise. According to the College Board, college costs increased an average of 5% each year over the last 10 years.* By 2019, the projected cost for a four-year education may exceed \$117,607 for public college and \$258,760 for private college.

(continues on page 3)

* Source: The College Board, "Trends in College Pricing" 2000. Average college costs include four years of tuition and fees, books and supplies, room and board, transportation and other expenses for the 2000-2001 school year, as stated by the College Board's "Trends in College Pricing" reports. Projected costs assume a 5% inflation rate per year.

An Economist Said ...

Right now, both monetary indicators and market-based price indicators show that Federal Reserve policy has shifted significantly from liquidity recession to liquidity recovery. This shift towards liquidity replenishment is a huge plus for the stock market and the economy. In fact, it is the single most important factor in the recovery outlook."

Larry Kudlow
Consulting Chief Economist
for American Skandia, Inc.
December 28, 2001

Springfield Enterprises Inc.

Tucked away in the small town of Harlan, where horse-drawn buggies and a strong work ethic are part of daily life—that's where you'll find Springfield Enterprises. Founded in 1976 as an aluminum siding subcontractor, it has blossomed into a 45-person operation providing specialty work for new home contractors and home improvement work for existing home owners.

Going into the construction business was a natural for Dan Miller, president of Springfield Enterprises. Raised in Harlan, his grandfather, Henry Miller was a carpenter and his father was involved in the construction business. Dan began working after school with his father when he was in the third grade. He's been working in the industry ever since.

Springfield Enterprises' metamorphosis into more than a siding subcontractor began through necessity. The company's focus started shifting in 1979 and 1980 when there was a downturn in new home construction. According to Miller, they were forced to cater to existing home owners, which were new customers for them. "We had to redo our marketing theories and hire additional sales people," he says.

Today, Springfield Enterprises, situated only 10 minutes from the Ohio line, covers a 70-mile radius of Harlan, including areas in Indiana, Ohio, and southern Michigan. Putting their location into perspective, Miller explains that you can drive from Harlan to Time corners (in southwest Allen County) or Archbold, Ohio in the same amount of time. "For us, Harlan is a bridge point between Fort Wayne and Ohio," he says. "We're able to serve clients in both areas and deal more closely with our employees, most of them from Harlan and the surrounding community."

The strong, conservative principles Miller learned as a youth stemmed from his Amish ancestry and his father, who was a Mennonite minister. "We're going to tell our customers the way it is and deal with them straight up," Miller explains. "It's the Golden Rule principle. We treat everyone the same way—the way we want to be treated—whether we're dealing with a new or existing home owner." While this way of thinking is vital to Springfield Enterprises' success, the company's employees are even more important. "We're only as good as the people we work with," Miller says. "It's not so much the product, but how we work with our customers and the work we do for them." Miller explains that the conservative thinking of his employees (one fourth of whom are Amish), combined with their work ethic and years of experience, is hard to beat.

Alan Fleek, Dan's sales manager, concurs. "We're committed to good quality work and top service, which is something hard to find, especially in the remodeling business," he says. "We built the company on Henry's reputation and have tried to keep it going from there. This client commitment continues even after a job is finished," according to Alan. "We've made a big commitment to stay in touch with our previous customers—all 10,000 of them," he says. The company does this in part by publishing a quarterly newsletter to update existing clients.

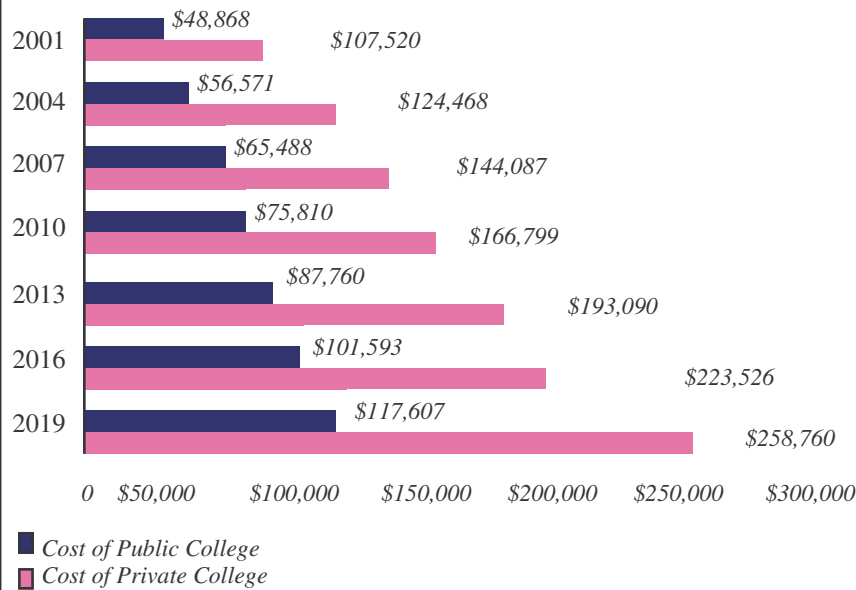
This dual focus on customers and quality has produced considerable results for Springfield Enterprises. Approximately 75 to 80 percent of the company's business come from referrals. As part of its growth,

(continued on page 4)



Springfield Enterprises office and sales staff pictured (Back row) Henry Miller, Kris Miller, Steve Watson, Nick Fleek, Jeff Abbott, (Front Row) June Taylor, Janet Yoder, Allan Fleek, Spence Stuckey, and Dan Miller.

Rising Cost of a Four-Year College



* Source: The College Board, "Trends in College Pricing," 2000. Average college costs include four years of tuition and fees, books and supplies, room and board, transportation and other expenses for the 2000-2001 school year, as stated by the College Board's "Trends in College Pricing" reports. Projected costs assume a 5% inflation rate per year.

Tax Benefits

529 Plans are particularly attractive because of their built-in tax benefits.

- Any earnings grow tax-free. And withdrawals for qualified education expenses will be federal tax free.
- 529 Plans have the ability to accrue and distribute free of federal income taxes for qualified education expenses at least until 2011.
- Assets can be transferred from one 529 Plan to another on behalf of the same beneficiary without paying taxes on the distribution. (Limited to one transfer in a 12-month period.)

Flexibility

The 529 market is budding and poised to blossom as an exciting investment option. Besides providing a solid option for higher education savings, it allows flexibility so that more investors can participate to achieve the plan's desired target goal.

529 Plans:

- Are open to everyone
- Have no income limits restricting eligibility
- Have no age requirement for the beneficiary
- Can be contributed to by anyone (contributors do not have to be a relative of the beneficiary)
- Can pay for any qualified higher education expenses at any accredited college, university, vocational school or other post-secondary institution in the country. Your Investment Professional can assist you in learning more about 529 college savings programs and how you can get started. Make the smart choice: get started today.

There is still Time...



to make a
2001
contribution
to your
IRA



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perspective.

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David R. Kern Timothy L.
Stauffer

Highlight on Community—Wealth of Heritage

Springfield Enterprises Inc. *(continued from page 2)*

Springfield continues to expand its operation. “We’re growing into our 70 mile circle as time passes,” says Fleek. “Our expansion plans include the Huntington, Hoagland, and Wabash areas.”

Dan represents the company as a member of the Home Builders Association of Fort Wayne (HBA) and the HBA’s Home Remodelers Council, as well as the National Association of Home Remodelers Institute.

In addition to continued community involvement and company expansion, Springfield Enterprises will also be focusing future efforts on educating the general public, according to Alan Fleek. “One of the things we’re looking into is publishing educational brochures and other pieces for people who know a limited amount about building and remodeling.” He says such pieces will answer basic questions and concerns that people have before they begin such a project.

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