

PROFESSIONAL FINANCIAL SERVICES, INC.

THE PRACTICE OF INSURANCE AND FINANCIAL SERVICES

A REGISTERED INVESTMENT ADVISOR

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ROBERT E. TUCKER
PRESIDENT

May 28, 2010

Mr. Robert E. Tucker
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Dear Bob:

2010 has been – well – interesting. Everything was progressing nicely until Greece, the falling Euro, volcanic ash, the Gulf oil spill, and a couple of other things. So, we continue to have volatility and one wonders when it all will settle down.

When you think about it, there's a life lesson to be learned. Nothing – absolutely nothing – is constant but change. Expect it, embrace it, and, when possible, rise to the occasion and make the most of it. We all just need to stay calm, stay focused and have faith that the one healer to most any problem is good old Father Time.

I believe equity prices continue to be low and those that have the cash to purchase equities (stocks / stock funds) could be long term winners. I continue to be concerned about the impact of rising interest rates on fixed income assets like bonds. Although rising interest rates do not appear to be on the immediate horizon, I believe rates will begin to rise within the next 24 months. If correct, long term bonds of virtually any type will drop in value – perhaps significantly. As always, no guarantees are expressed or implied.

So, I believe there continue to be some wise courses of action. Maintaining cash reserves, avoiding debt, using only short term fixed income investment assets, making methodical investments in equities, and investing in assets not correlated with the market – are some of the strategies that make sense to me. Let me know if you would like to discuss your planning and strategies.

Securities Transactions Offered Through

H. Beck, Inc., Member FINRA/SIPC, 11140 Rockville Pike, 4th Floor, Rockville, Maryland 20852, (301) 468-0100
Robert E. Tucker is a registered representative of H. Beck, Inc., which is unaffiliated with Professional Financial Services, Inc.

New Announcements

1. I am delighted to announce the updating of my website, with a substantial amount of new information about our services and each member of my staff. The website address is www.pfsinc1.com. Please take a few moments and look at it. Your feedback would be greatly appreciated. So, let me know what you think.
2. Also, I have taken an idea shared by a speaker at my Broker-Dealer conference and significantly expanded it. The idea is simple: create tabbed file folders for the important papers that would be critical to find if something happens to you, i.e. death, incapacity, on travel, etc. Empowering family members to quickly and easily locate "stuff" is a benefit almost like no other in times of distress. Enclosed is a "Table of Contents" of the items we've identified thus far.
3. I am accepting speaking engagements in small or large groups of all types – church, synagogue, office staff, volunteer class and the like. The objectives are to share the Table of Contents and to use it to enlighten the audience as to the ins and outs of various types of planning – e.g. risk management, wills and trusts, and investment planning. I've already made four group presentations and every one of them was extremely well received.

I figure it this way. I like teaching. I like making an impact on people's lives. I expect that what I have to say will resonate with some and they may want to reach out to me. However, there's no obligation. Simply put, I want to share some knowledge and perspective with more people.

Conversions to Roth IRAs

As you probably know, 2010 offers a unique opportunity to convert all or part of traditional IRAs to Roth IRAs. The factors to consider are many.

First, you must report and pay tax on the amount converted to a Roth.

Second, you can spread the tax impact over two tax years – 50% in 2011 and 2012. At first blush, this may seem like a good idea. However, we know that the Bush tax cuts expire at the end of 2010, and, clearly, we have no idea what Congress might enact as new tax rates in 2011 and thereafter. So, it may or may not be a good idea to pay the tax liability over two years.

Third, once converted and after a five year holding period, all distributions from a Roth IRA (including growth, if any) are completely tax free if taken after age 59 ½, and there are no required minimum distributions. However, you do need to have the cash to pay the tax.

Fourth, conversions can be done "in kind," which means you do not have to sell IRA assets and then reinvest. A simple "in kind" transfer and the reporting of taxable income will suffice.

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To be sure, this entire transaction has many important factors to consider, and every person's situation is likely to be different. Please call me if you would like to set up an appointment to discuss a possible traditional IRA to Roth IRA conversion.

Conclusion

As always, let me know when I can help, and thank you for the continued opportunity to be of service. Be sure to let me know if you have a group (friends, colleagues, and/or organizations) that would like to have a presentation of the Table of Contents and/or if you'd like to discuss a Roth IRA conversion, and don't forget to take a look at my updated website. It's www.pfsinc1.com.

Best regards,



Robert E. Tucker, CLU
Chartered Financial Consultant

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Enclosure

TABLE OF CONTENTS

1. **PASSWORDS / WEBSITES**

2. **EMERGENCY CONTACTS and
EMERGENCY RESPONSE PLAN**

3. **FAMILY INFORMATION**

- Your Family
 - Parents
 - Siblings
 - Other
-

4. **PROFESSIONAL ADVISORS**

- Accountants
 - Attorneys
 - Financial Planner
 - Insurance Agents
 - Stock Broker / Investment Manager
 - Trust Officers
 - Other
-

5. **IMPORTANT DOCUMENTS**

- Adoption Papers
 - Birth Certificates
 - Death Certificates
 - Divorce / Separation Agreement
 - Fingerprint Cards
 - Locations of Keys
 - Marriage License
 - Military Discharge Papers
 - Passports
 - Photos of Family, House, Household Items, Jewelry, Collectibles
 - Safe Deposit Box
 - Social Security Cards / Statements
 - Tax Returns
 - Other
-

6. **MEDICAL / HEALTH ISSUES**

- Dentists
 - Doctors and Why
 - Medical History
 - Prescription Drug List
 - Other
-

7. **ASSETS / ACCOUNTS**

- Annuities
- Bank Accounts
- Brokerage Accounts
- Car / Vehicle Titles
- Certificates of Deposit
- Club Memberships
- IRAs / 401(k)s / TSP
- Location of Sporting Equipment
- Mutual Fund Accounts
- Real Estate Deeds
- Savings Bonds
- Stock / Bond Certificates
- Other

8. **DEBTS**

- Credit Cards
 - Loans
 - Mortgages
 - Other
-

9. **FAMILY CASH FLOW RECORD**

- Pay Stubs
 - Cash Flow Document
-

10. **INSURANCE**

- Auto
 - Disability
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 - Liability
 - Life
 - Long Term Care
 - Medical
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11. **PLANNING DOCUMENTS**

- Financial
 - Estate
 - Other
-

12. **INSTRUCTIONS AT MY DEATH**

- Funeral Arrangements
 - Items for Newspapers
 - Love Letters
 - Special Requests
 - Who Gets What
 - Other
-

13. **LEGAL DOCUMENTS**

- Business Agreements
- Business Documents
- Living Wills
- Powers of Attorney
- Trusts
- Wills
- Other

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