

True North

Compass Financial Consulting, LLC

Providing Financial Direction

Summer 2009

Giving—A Family Affair

For our summer edition of True North, we are pleased to have some contributions from a couple of outside authors. Our first article titled, “Giving—A Family Affair,” is written by Jeff and Greta Beech. Jeff and Greta are long time clients of our firm who inspire everyone with the efforts of their charitable foundation. Our second article is penned by Barbara Klunga, a representative of Five Star Mortgage, who writes about the basics of a reverse mortgage—a topic on which we have received many questions.

We introduce our first article, which highlights family philanthropy in action, by noting that as we work with clients and their families, we often come to the discussion around money and the effect that it has on their children. As parents, we are extremely concerned about the example we are setting for our children and want to model a healthy relationship with money. One of the best ways is through philanthropy. Over the years, clients that have involved their children in the giving aspects of their plan note that “some of the biggest beneficiaries are the kids,” and that it helps their children learn the value of money, instill empathy towards others, and helps them discover what needs exist in our society and the role their family can play in meeting those needs. Of course, to model it to your children you must be doing it yourself. Douglas Mellinger, vice chairman of Foundation Source says, “You need to exemplify it and active parents need to communicate their involvement.”

With that involvement in mind, here is the story of one of our clients and how

they are working with their children in expanding their giving vision. Jeff and Greta Beech have been clients of Compass since our inception, and they were blessed with the opportunity several years ago to leave the “paying” work place for an opportunity in the “charitable” work place.

Now, this “charitable” work place is one that Jeff has commented has him working harder than he ever did as a senior partner at the global consulting firm, Accenture. Jeff and Greta made the decision early on in their financial plan to work towards establishing and funding their own charitable foundation. Named, appropriately, “The Beech Foundation,” Jeff and Greta challenge others to “Be a Bridge” by bringing solutions and capabilities together in new combinations *to make a greater difference in the world*. Fueled by God’s call for lifelong service and stewardship, they have focused their charitable efforts in places as far away as Nakuru, Kenya and as close as their own backyard in Conyers, Georgia.

While they could write a book on how their foundation has helped others, we asked Jeff and Greta if we could gain insight as to how the foundation has helped their own children. What follows is some background, provided by Jeff, and concludes with comments from a few of their kids. We hope you agree that in a world of i-phones, i-pods and i-[insert your own thoughts here], Bailey’s, McKenzie’s and Brenna’s message has no “i” in it, rather their comments highlight a selfless spirit focused on being that “bridge” their parents model for them.

Giving—A Family Affair

By: Jeff and Greta Beech



Making the decision more than a decade ago to hire a financial planner was fairly easy for my wife and me. After all, I was a consultant – used to telling people that an outside perspective was valuable. Now, if I fast forward to what some might see on the surface – these were “good” decisions. Some would say “retired” at 38, college funds in place, home paid for, etc. are all key indicators of success – successful career, financial planning and execution, etc.. But the real story is beneath the surface – what happened in between.

As a young strategy consultant, I knew the importance of planning for the future. As a young husband and father, traveling 3-5 days a week, working at times around the clock, I knew riding that train forever might not be realistic. So, some day I would either burn out or retire relatively early – as I had no desire to really think about a career change. I turned to a financial planner to help me plan for that relatively early retirement. My expectations were focused on

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complete A to Z planning – investments, taxes, total returns, etc. leading up to a financial finish line called retirement. But when we started working with each other, my perspective and expectations began to change. We spent a great deal of time talking about our current family situation, budgeting, long term goals, risk tolerance, core values – all in keeping with my expectations. Then we spent even more time on deeper questions like: when is enough enough, how much money do we really need to pass onto the kids, long term giving is great but how much more can be done now, what if “giving” goes way beyond money? Now, these questions and conversations went WAY beyond surface discussions – they became our focus. The team at Compass did not try to provide the answers; instead they helped provide the challenge to go beyond planning to what would really become faith. In reality, this pushed us to not just think about, but truly try to answer “Am I being what God has designed me to be?” Funny how asking this “me” question leads one to understand that “this is not about me” – my wife and I were looking at things differently, asking different questions, being much more open to new possibilities.

Fast forward to 2009 - seven years after leaving Accenture, instead of retirement, we have an Operating Foundation focused on Kingdom work. We work with domestic nonprofit ministries, support service and stewardship development in youth including a scholarship program, and we support international Christian mission work which has taken our family into areas of Africa, South America, and Central America. Our family and The Beech Foundation have evolved in ways we never could have imagined. Each family member has become an integral part of a vehicle that provides all of us a variety of ways to “give”.

Here are perspectives from three of our children in their own words:

“I have always known about the Beech Foundation, but I’ve never really understood its full meaning. Just recently our Mom and Dad called a family meeting to explain to us how our

commitment to God through the family foundation has changed not only the community around Conyers, but also all around the world. My siblings and I are all part of Young Life, Light House Village, life changing mission trips, and many church camps. The Beech Foundation has supported many people with all sorts of donations, sponsors, and scholarship money to be able to participate in these activities. My brother, sisters, and I are only involved in three of those activities around the Conyers area. The life changing mission trips happen in Kenya, Africa. We’ve recently come back from our sixth mission trip there and every experience is different. The Beech Foundation had put in so much love and prayer towards Kenya that every time I go back something has changed tremendously. We have helped with two orphanages, two pre-schools, many church buildings, and a special needs school. Because of God, us, my parents, and everyone involved in the Beech Foundation, many lives have been changed all over the world.” -Bailey Beech

“I know that God has blessed us with so much financially, mentally, and physically. My mom and dad have shown a huge devotion to God by giving it back. They do this through The Beech Foundation. The Beech Foundation gives scholarships to help people go on mission trips, usually Kenya. The foundation also donates to build more in Kenya to support the needs of others. For every donation given to build new buildings around the orphanage in Kenya, the foundation donates the same amount to that. Here at home, Light House Village has benefited from The Beech Foundation. One of the tables at the Focus Dinner Dances is always sponsored by The Beech Foundation. The foundation also gives financially to Young Life and mom and dad help the leaders. Both of my parents are active in each of these organizations and manage our mission trips. They have inspired all of us to become a part of them as well. My sisters and I all go to Kenya and do what we can to help our brothers and sisters overseas. We help out around Light House Village by doing

construction. We have been to some events of Focus. This year all of us will be part of Young Life. Bethany, Abuk, and Brenna have been in Young Life already for at least two years, but next year Bailey and I will be there as well. We support Young Life by attending the meetings and camps.” -McKenzie Beech

“I would definitely say that I have grown up in a very humble family. We were never really aware of our financial status growing up. We always knew that we were well-off, but we didn't always get everything we asked for at birthdays and Christmas. Yes, we were of course bummed for awhile, but we ended up realizing we didn't really need everything we might ask for. It wasn't until this year that my parents told us the whole story behind the funding of The Beech Foundation and the investments that we have made in it. All those material items that we never received are really paying off. I was very blessed to grow up not having to worry about getting enough food or not having clothes that fit or a place to live. I was even more blessed with the “bridges” built by The Beech Foundation, especially the annual Kenya mission trip. A missionary service is a place that I definitely feel called to and I could have never experienced my mission adventures without The Beech Foundation. The Foundation has also had a big impact on our local community with Light House village. A lot of my friends have been involved in projects whenever they can. It makes me feel good to know that my family has made an impact with The Beech Foundation and that tons of people are involved in helping us grow, including my friends.” -Brenna Beech

If you would like to know more about The Beech Foundation and their mission, visit their website at www.thebeechfoundation.org. We, of course, stand ready to help you discover your own ways to involve your children in your giving plans.

Compliance Disclosure: This article is not to be taken as a testimonial nor a recommendation of Compass Financial Consulting, LLC and its services.

The Basics of a Reverse Mortgage

We continue to receive many questions from clients with respect to reverse mortgages, either for themselves, or for family members (i.e., aging parents). Indeed, there is much suspicion around these vehicles due to the way they have been misused by unscrupulous brokers who convince some to take the equity out of their home, via a reverse mortgage, then use that equity to purchase an unsuitable annuity. As always, there will be schemers and scammers meant to take advantage of the uninformed. To help lay the foundation of a basic understanding of the reverse mortgage, we have asked Barbara Klunga, Vice President of Five Star Mortgages, to provide some background on the vehicle. By no means is this an all-inclusive educational article, but we do hope it answers some common questions and highlights some common scenarios. If you have further questions, please feel free to contact us.

Reverse Mortgages have been around since 1989. Recently there have been many changes in the Reverse Mortgage industry, and learning all you can about how it works will help you to determine if it is right for you.

A Reverse Mortgage enables homeowners age 62 or older, who own their home outright or have a small mortgage balance to convert home equity into cash without selling the home. The Home Equity Conversion Mortgage, or HECM, insured by the Federal Housing Administration and backed by the U.S. Department of Housing and Urban Development, or HUD, is the most popular kind.

A Reverse Mortgage is a loan against your home that you do not have to pay back for as long as you live there. With a Reverse Mortgage, you can turn the value of your home into cash without having to move or to repay the loan each month. The amount of money you receive is based on your age, value of the home, and current interest rates. The cash you get from a Reverse Mort-

gage can be paid to you in several ways: home...

**All at once, in a single lump sum of cash;*

**As a regular monthly payment;*

**As a credit line account that lets you decide when and how much cash you want;*

**As a combination of the above.*

No matter how this loan is paid out to you, you typically don't have to pay anything back until you die, sell your home, or permanently move out of your home. Unlike forward mortgages, there are no income or credit qualifications. If you choose to receive some of the funds through a line of credit, that credit line grows [over time assuming an increase in the value of your home].

An example of how this might work is John Doe is 77 yrs. old, and his wife is the same age. Their home is worth \$300,000, and they have a mortgage that they're paying on with a balance of \$23,000. With the reverse, their mortgage would be paid off, and they could either get a line of credit for approximately \$166,297 or they could get monthly payments of \$1,135 for as long as they lived in the home.

For clients who want to sell their larger homes and downsize, as of January 2009, a Reverse Mortgage can now be used to purchase a home. Also, until the end of 2009 the FHA limit has been raised to \$625,500. An example of how this works on a purchase: Borrower is 71 years old. She sold her home in Texas and cleared \$150,000. She moved to Atlanta, and instead of buying a \$150,000 home, so as to avoid mortgage payments, she purchased a \$275,000 house using a Reverse Mortgage, and only had to put down \$117,000 of her own money while keeping the remaining \$33,000. And, she will never make another mortgage payment as long as she lives in her home.

Some of the many myths about a reverse mortgage are:

**I would have to give up the title to my*

You do not give up the title to your home. The deed stays in your name. This is only a mortgage.

**I don't want to risk losing my home...*

A Reverse Mortgage guarantees that you will be able to stay in your home. Your only responsibility is to pay your taxes, insurance, and maintain the property.

**What if I use up all of my equity? My concern is that this will result in a liability for my heirs...*

Reverse Mortgages are non-recourse. That means no matter how much you owe at the time of death, no debt can be passed on to your heirs.

How much money can I obtain on a reverse mortgage? A good rule of thumb is to take your age and subtract 10 and that is what percentage a company will lend [based on a current appraisal of your home's value].

A Reverse Mortgage is not for everyone, but it is something to consider for those over 62 with substantial equity in their home, and a desire (or need) to utilize that equity.

*Barbara Klunga
Five Star Reverse Mortgage*

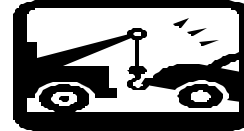


For those of you who want to trade in your Bentley (estimated MPG of 9 (city)) for a Toyota Prius (estimated MPG of 48 (city)), we thought we'd let you know that a new law was passed in June called the Customer Assistance to Recycle and Save program (or CARS) Also known as "Cash for Clunkers," this law will provide U.S. Government vouchers valued from \$3,500 to \$4,500 when you trade-in an eligible vehicle and purchase a new one before November 1, 2009 that meets or exceeds specified fuel economy improvement standards.

To be eligible for the credit, your trade-in vehicle must have been manufactured less than 25 years before the date you trade it in, have a "new" combined city/highway fuel economy of 18 miles per gallon or less, be in drivable condition, be continuously insured and registered to the same owner for the full year preceding the trade-in.

The CARS Act allows you to trade in for new vehicles; used vehicles do not qualify under the program. The new vehicle must have a manufacturer's suggested retail price of not more than \$45,000. The new vehicle must also achieve minimum combined fuel economy levels. For passenger automobiles, the new vehicle must have a combined fuel economy value of at least 22 miles per gallon.

Note that work trucks (i.e., very large pickup trucks and cargo vans) have different requirements. For more information about the CARS program, visit www.cars.gov.



IN PURSUIT OF THE TRIVIAL

The question for this quarter is: "The Manitowoc company, a stock holding in some of our portfolios, was founded in 1902. What was its original name?"

We will take answers through 5pm Eastern Time on July 31st. You must respond to either kraus@financialdirection.com or johnb@financialdirection.com with your answer. If you do not have email, you may call us. We will include all those providing the correct answer in a drawing to determine the winner. Staff from the accounting firm of Bridges & Dunn-Rankin will conduct the drawing and certify the results. The winner will receive a \$100 Lowe's gift certificate.

Answer for Spring 2009. Last quarter's question was, "In April 1933 FDR made it illegal to hold gold coins, bullion or gold certificates with a few exceptions. He required all gold to be delivered to a bank prior to May 1, 1933. What was the maximum punishment that could be levied on you if you did not comply?" The correct answer was up to 10 years in prison or a fine not to exceed \$10,000*. Congratulations to Greg and Jennifer Baker, the winner of the drawing of correct answers. **Note that one of our clients correctly pointed out in their answer that this fine equates to \$163,225 in 2009 dollars!*



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