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Special points of interest:

- Understand the difference between a manager and custodian.
- 2009 RMD waiver
- April 15th is right around the corner and you should start preparing.
- Read about Alfonso, our intern and his experience with BBPVM.



If you haven't been on to the Blue Bell PWM website, take a tour. Manage your account daily by reviewing your transactions, realized gain/loss, and current holdings. Visit us at www.bluebellpwm.com

Blue Bell Private Wealth Management

Winter Newsletter

January 2009

A Message From Scott Sr: 2008 - A Year to Formember

There are no words to describe the financial problems faced by the US and the entire world, therefore we must formember (to forget and to remember). While we may want to forget 2008, we must remember how our economy got here and how to avoid another economic meltdown in the future.

Even with my thirty six years of experience, I cannot remember a time filled with more anxiety, government intervention, and diverse opinions. Many of you may remember how I have compared the 2000s to the 1970s, and even I am amazed at how similar these two decades have become. History teaches us many lessons, among them, do not time the markets but also do not just sit back and observe while changes occur. At BBPVM, we have been recommending a ladder approach to structured investments for many years. By having investments mature at regular intervals, we have the ability to react to market conditions and become more conservative (as we have) or more aggressive. We can also adjust the maturities which may help in tax planning. As an example, our most recent investments in BRENS (Buffered Return Enhanced Notes) have had a 20% downside protection level with a 1.25% geared amount thereafter. As you are aware, our past investments traditionally used a 5-10% discount protection level, better than not having one but not nearly enough in October-December 2008. The increased amount of downside protection should provide you with some comfort through these very volatile markets and encourage you to stay invested. I have seen many markets timers over the years, and can't think of a single example of anyone who has succeeded over the long term.

We have taken other steps to keep our clients more conservative. Among them, bear market notes, which were deep in the money at the time of purchase and should provide predictable returns in the coming months. For many, we have purchased an S&P500 inverse ETF, which has helped us cope with some of the major downside market moves. We have also utilized an option writing strategy which provides excellent unchanged returns while providing some downside protection. Naturally, these strategies also will place a cap on our upside potential.

As always, I encourage you to make an appointment to visit our office or use your computer to view a webcast. This should help answer any questions you may have and give you a better understanding of our approach. I find annual meetings with clients are helpful in reviewing your current portfolio and together we can discuss future investment decisions. Thank you for the opportunity to serve your investment needs and we all hope for a more profitable 2009.



“You can sleep tight if your funds are in the custody of a broker-dealer firm regulated by the Financial Industry Regulatory Authority and backed by the Securities Investor Protection Corp”

Manager v Custodian

Katy Marquardt who published an article in U.S. News & World Report, *5 Ways to Avoid a Ponzi Scheme: Madoff Edition*, wrote “Imagine trusting your hard-earned money—such as your retirement savings—to a financial adviser only to lose it all in a fraudulent scheme. Obsessing about whether your money manager could be the next Bernard Madoff, the alleged mastermind of a \$50 billion Ponzi scheme, isn't going to do much good, but some healthy skepticism won't hurt.”

Marquardt wrote “Understand the difference between a manager and a custodian. A custodian, which would include the Fidelitys and Charles Schwabs of the world, is in possession of your investment account and issues periodic statements of transactions. The manager of assets executes those transactions.” It is very important to segregate these two functions as fraud is more easily to occur when they are together. Marquardt also wrote, “In other words, look out for an investment manager who wants complete control of your money and asks that checks be made out to him or her. You can sleep tight if your funds are in the custody of a broker-dealer firm regulated by the Financial Industry Regulatory Authority and backed by the Securities Investor Protection Corp.” Make sure you receive at least quarterly statements directly from the custodian, not the advisor.

Important RMD Announcement

Although past tax laws have always required individuals to make annual withdrawals from their retirement accounts when turning 70 1/2, a new law passed by President Bush, known as **The Worker, Retiree, and Employer Recovery Act of 2008**, allows individuals to temporarily suspend your annual RMD withdrawal for 2009. This will help those who have been affected by the recent declines in the market, and if you are financially capable of waiving your RMD amount, you can wait until 2010 in hopes that your investments can recover in investment value. We will be contacting you to discuss whether you will choose to waive your 2009 RMD amount.

Time To Gather Your Documents

April 15th will soon be around the corner, and its important you begin to gather all documents you need to file your taxes. Be on the look out for tax documents from your current custodian, Schwab Institutional, as well as other financial institutions. You should receive a supplemental realized gain/loss from us during early-mid February. Another suggestion, although this may require paying a fee, is to hire a professional tax preparer. This will reduce the chances of errors and oversights that are most commonly caused by lack of specific tax knowledge in self preparing returns. **We have also recommended in the past not to file your taxes too early**, since many banks correct 1099s frequently through the beginning of the year, some even after April 15th. Even though we recommend not to file your taxes too early, it can never hurt meeting with your tax preparer and gathering all your documents.

Finally, we work hard to continuously maintain relationships with our clients' accountants. Come tax season, it may lessen the burden to have us speak directly with your accountant and to clear up any confusion. If we do not have your accountants' information on file, please call us so that we can update our databases and receive permission to speak to your accountant.



Financial Trivia: Test Your Knowledge

1. Who was the only first lady to appear on U.S. currency?
2. There's a \$1 bill and a \$2 bill. How about a \$3 bill?
3. How did the word "buck" come to mean a dollar?
4. Why does the U.S. Mint put grooves on coins?
5. In the financial world, what is a zombie?

Look on the last page for answers...

From http://www.edwardjones.com/pdf/RPM-134_financial_trivia.pdf



An Intern Experience

My name is Alfonso Espinosa and I am from the Dominican Republic. I am a junior Economics & Business major at Kalamazoo College in western Michigan. I came to BBPWM through a program called The Philadelphia Center in which I worked 32 hours per week at a professional internship, attended a city seminar class and experienced independent living – each of which helped me get a feel of the 'working world.'



On my first day, Scott Miller Sr. told me "interning today is probably one of the hardest times for a beginner in this field," since the market has been down and volatile. Since I have been here, I have learned about closed-end funds and the competitive advantages they have over mutual funds. I had the chance to learn about the different types of structured products and how they have huge advantages for the clients' portfolios, as opposed to common stocks. I have also had the chance to experience first hand what a wealth manager goes through on a daily basis in times of financial turbulence. Interning at BBPWM has taught me not only to invest wisely, but has also been an opportunity for personal growth, critical thought, and a glimpse as to what life after college will consist of.

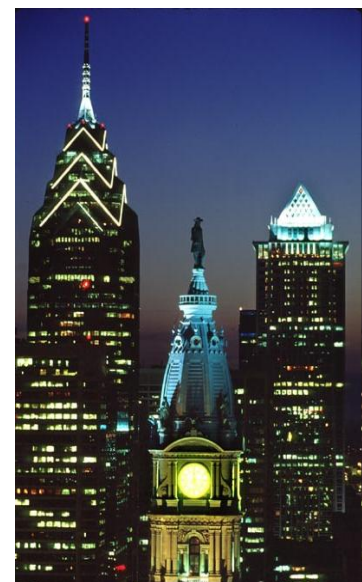
I believe that my time at BBPWM has been well spent and I will always remember the valuable lessons that I learned everyday about how to manage the ups and downs of volatile times, and I look forward to making use of what I learned while with BBPWM.

"Interning today is probably one of the hardest times for a beginner in this field."

Last Minute IRA Contributions!

For 2008, the maximum contribution allowed for both Traditional and Roth IRAs has been increased to \$5,000 if under age 50, or \$6,000 if age 50 or older. You have until April 15th, 2009 to make your contribution. Talk to your children about the benefits of starting an IRA.

If you will mail a check in, please make the check out to Charles Schwab with your IRA account number on the check.



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Blue Bell Private Wealth Management

Financial Trivia...continued from page 3

1. Who was the only first lady to appear on U.S. currency?

Martha Washington. She appeared on a \$1 silver certificate in 1886 and 1891, as well as on the back of the \$1 silver certificate in 1896.

2. There's a \$1 bill and a \$2 bill. How about a \$3 bill?

There actually was a \$3 bill in the early 1800s, but only a few were ever printed by banks.

3. How did the word "buck" come to mean a dollar?

Originally, a buck referred to a deerskin or buckskin, which was commonly used as money.

4. Why did the U.S. government put grooves on coins?

So that no one could shave the edges. People often did this when the coins were still made from silver and gold. Now each coin has a distinctive groove pattern to help visually-impaired people tell them apart.

5. In the financial world, what is a zombie?

Zombies, also called living dead, are companies that continue to operate even though they are bankrupt.

From http://www.edwardjones.com/pdf/RPM-134_financial_trivia.pdf

Happy New Year from your friends at BBPWM!



**Top row starting left: Alfonso Espinosa, Amisha Shah, Joe Francks, Jon Sobotkin, James Winslow
Bottom row starting left: Scott Miller Jr., Scott Miller Sr., Justin Capetola**