



CEDRUS

Capital, Life and Family - Integrated.

180

A Reverse Angle, Well Balanced

January 2010

www.cedrusfinancial.com

Special points of interest:

- The Message from our President John Scott
- The Cedrus Family Business Plan
- SEI Tax Document Time Table
- Do you know someone that needs our help?

A Peak at future articles to come.

New SEC Regulations to help protect against the Madoff Issue

Cedrus 180°, a new way of thinking

Finishing Well
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Why Family Meetings
are important

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the financial world

The Message

Vision

I don't know about you but I am ready for a shot at a new year! It was hard for me to watch the emotional roller coaster the U.S. media sources took us through in 2009. Let's raise our glass and pray that they calm down a bit in 2010, but I doubt it, be prepared for that.

Last week, a very close friend (and client) of Cedrus gave me some profound advice that I would like to share with you all. He pointed out that historically, 85% of all New Year's resolutions go unaccomplished. This is due to the fact that they are just items on a task list that are always open to excuses and personal interpretation. Being a very successful CEO of a major company, he knew the better solution, was a convicted and shared "vision".

Think about it, when a company or an individual is dedicated to a vision, that in and of itself becomes the resolution and then all the tasks and to do's become absolutely necessary. Excuses are

unacceptable and only represent a flawed vision. It is only through conviction of a vision that one can really succeed at new growth endeavors. This often requires some time vs. just a quick fix.

We at Cedrus pray that 2010 brings a new and clear vision for you and your family. That you communicate it well, it is shared, and that this brings a renewed sense of purpose and excitement. A vision statement is the backbone of your Family Business Plan that we develop with you at Cedrus. Let's make this the year we get this part solidly implemented providing added contentment for you and your family. As another close friend and client always says,

"Let's do it!"

Best Wishes, John A. Scott

The Cedrus Family Business Plan

What is a Family Business Plan and why do you need one? Consider this: most of you have either owned your own company or advanced your career to an executive level position with a larger company. So you are well versed on the importance of the absolute need for a corporate business plan. Let's look at its components.

First it was based on a vision and mission statement. This was the founder's ideals and values and really should be the final "filter" for any unclear issues as well as the backbone for all decisions. Then there are the components of the business plan, the short term and long term goals, the annual budget, all the detailed analysis of the revenue possibilities and the expenses. New categories were added and deleted as

the company grew and contracted over time. Annually, much work went into each of these components to insure the plan stayed relevant and fresh, but generally the vision was consistent. If you envision your work days, this should resonate...right?



Now close your eyes and imagine, you go into work tomorrow am and all the Business Plan stuff is taken away. No vision, no budgets, no analysis, what

does that look like? Chances are pretty likely that you would still accept calls, do sales, manage people as usual, but soon, as the days pass, decisions will get tougher, employees will get unclear and make mistakes, and eventually efficiencies will dissipate and affect revenues and profitability.

Cedrus Family Business Plan Continued.....

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Now, while your eyes are still closed, imagine your family and its financial affairs as such an entity. Would you say for sure that it looks more like the well run company you are familiar with at work, or more like the imagined one without the roadmap of a business plan? If it is the later, don't worry, you are very normal. But with wealth, certain added responsibilities and complexities are present. You have significant stewardship issues to consider. Thus the need for a Family Business Plan is crucial in coordinating your family, its advisors, and all decisions around your wealth. In fact, as I meet more affluent families over the span of my career, I am astonished at some of the misaligned decisions they make with their wealth and I am convinced it is because they don't have a Family Business Plan nor a well articulated and then communicated vision.

This is exactly why we offer Family Business Plans to all of our clients at Cedrus. We have seen the need for this process first hand too many times and have decided to do something about it. Our goal for you and your family is contentment. We

can never truly achieve this until a Family Business Plan is expertly worked out and put into action.

In 2010 we have recommitted ourselves to reaching out to you to start this process of developing this plan and documenting it for review every year. In practice, it should become the new measuring stick for what we do each and every year. But remember it all starts with a well articulated vision. So we will start there.

One final thought, having seen many corporations and individuals struggle with this concept of a vision, I offer the following tip: When we write it down and stare at it, it should embody core values that are distinctive to you, serve a higher purpose or person, and definitely serve others outside the family as well. Pretty provocative, but give it a try and we will help you refine it. This is a very exciting first step...good luck and we will talk to you soon.

2009 SEI Tax Documents

As we begin the new year, one of the first things that people begin to think about is tax season. Not one of the more exciting things to think about but as the old adage goes "the only two things that are guaranteed in life are death and taxes". So we want to lay out SEI's reporting time frame so you can begin to prepare your taxes in a timely manner and know when you can expect to receive your tax documents from SEI.

For those of you who have taken IRA distributions in 2009, you can expect to receive your 1099-R sometime in the beginning of February. SEI expects to mail these forms out by the IRS deadline of February 1. The 1099-R form will detail the amount of distributions you have taken from an IRA as SEI as well as the amount of taxes withheld from your distribution.

For all other taxable accounts, you can expect to receive a combined 1099 form which includes the following:

- 1099-B, Proceeds from Broker and Barter Exchange Transactions

- 1099-DIV, Dividends and Distributions
- 1099-INT, Interest Income
- 1099-OID, Original Issue Discount
- 1099-MISC, Royalty Income

The IRS has issued clarification regarding The Energy Improvement and Extension Act of 2008, which further extends the information reporting deadline from January 31 to February 15, 2010 for the Tax Information Statement.

As you may know, the IRS provides firms with an option to extend the mailing date of 1099 tax forms for an additional 30 days past the February 15 deadline, which SEI has selected to accept in an effort to improve delivery. This extension will allow SEI Private Trust Company to postmark the 1099-Composite forms up to **March 15, 2010**.

Cedrus understands that not receiving your tax forms until mid March can put strain on yourself and your tax preparer to get everything filed with less than a month remaining. But the new IRS regulations are designed to cut down on the need to reissue 1099's because information from the managers has been updated or changed. In turn, this will reduce the possibility that you file incorrect tax

2009 SEI Tax Documents continued....

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returns or need to redo your return because information has changed.

Cedrus can help you out in the meantime. We can certainly give you an estimate of your 2009 income and realized capital gains. If you would like to have these numbers before March 15th, please contact us and we will be happy to get you the info. But please understand, these will be estimates only as we cannot distinguish what portion of the income is taxable on a Federal level as a large portion of income on your portfolio is from municipal bonds. We also cannot tell you what portion of income is a return of principal as sometimes happens with dividend payments.

Good luck with your 2009 taxes! If there is any other info you think we can provide you, please get a hold of us.

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