Kiely Financial Services, Inc.
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BEHIND THE SCENES

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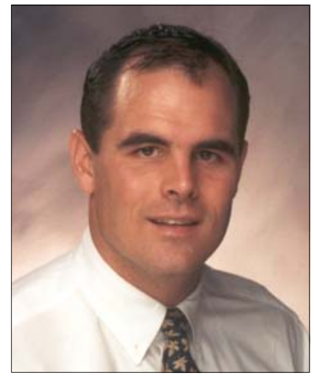

Dr. Joseph Kiely

Inside this issue:

CHECKS PAYABLE:

Just a Special Note to Remind Those of you who send Checks to deposit into your TD Ameritrade account, please **MAKE CHECKS PAYABLE TO TD AMERITRADE!**

TDA will no longer accept Checks Payable to TD Waterhouse.
Thank you!

Opening Thoughts

I hope this newsletter finds you happy, healthy and enjoying the long summer days. I have always liked sunsets after 9:00pm and there is nothing like late afternoon gardening to finish off my day. The second quarter of 2007 started out with a bang in April and May, but finished with a slight sputter in June. Overall, the S&P 500 (large cap stocks) increased 5.81% during the second quarter of 2007, while the Russell 2000 (Small-cap stocks) grew by nice 4.42%. We all wish the second quarter had finished a bit stronger than it did, but it was still a good three months for all of us.

Conversely (and on a personal note), the second quarter started out with a thud… and finished with a bang. In April, I had surgery on my ankle. In May, I contracted a "staph" infection which resulted in two weeks in the hospital and countless hours of rehabbing since. By June, my ankle's flexibility began to return and I am now almost to the point of being able to walk unassisted. I want to thank everyone from the bottom of my heart for their kind notes, e-mails, cards, calls and positive thoughts throughout this crazy ordeal. I feel very fortunate to have such great clients and friends. It's like having a team of guardian angels looking out for me!

Fortunately, there appears to be a bright light at the end of the tunnel for both myself and the market. I will soon be back to normal and, if the Federal Reserve's projections regarding the economy are on the mark, we are in for a nice run over the next five to seven years. Of course, we have been warning you about a potential market dip for quite a while now and we know it will eventually occur. When it does, it's important to remember that "dips" during extended bull markets, (like the bull market we've been in since late 2002) are actually healthy events. Why? First, they help keep the market from becoming a speculative bubble ready to burst. Second, they provide great opportunities for our managers to find companies on "sale."

Newsletter Specifics

Over the past few years, as our economy has become increasingly globalized, firms outside of the United States have begun morphing into efficient capitalist machines. Like our U.S. firms have long done, foreign companies are now searching the globe for the cheapest sources of labor, materials, and capital. And this revolution is happening everywhere you look, from Eastern Europe, to South America, to Africa and, of course, to Asia. We believe this "build out" will drive both the domestic and international stock markets over the next five to seven years, as international firms become increasingly more efficient and competitive. And, as you may expect, we believe the best way to capture these potential build-out gains are by selecting and using the best possible set of money managers (via mutual funds). We still think the lion's share of returns will flow to U.S. corporations, which is why we continue to have the bulk of our assets invested domestically. However, there are now a number of money managers with excellent long-run track records in the International arena and we will be gradually adding these managers to our client portfolios going forward. After spending last quarter's newsletter looking at how we reduce portfolio volatility, we thought this quarter would be a good time to review how we select money managers, and then combine them together to build well diversified portfolios.

As usual, this newsletter will cover the current state of the economy and recent performance of the stock market. It has really been a nice run in the market over the past five years. Of course, this newsletter would not be complete without looking at last quarter's changeover from TD Waterhouse to TD Ameritrade. In many ways we have been extremely disappointed with the execution of the changeover and we'll tell you why, without going into too much mundane detail. Finally, we will conclude this installment with the usual Ten Questions with Dr. Joe segment and a short update on the changes at Kiely Financial Services. I look forward to your feedback and hope your find this mid-year 2007 edition informative.

The Year-To-Date in Review

After an up and down first quarter that saw the stock market finish moderately positive, the second quarter took off like a rocket, only to fizzle somewhat in June. At the end of June, the S&P 500 (large caps) was up 6.00% YTD, while the Russell 2000 (small caps) was up 6.45%. Over the last twelve months both indexes are up over 16%; and over the last 36 months the S&P 500 is up over 30% while the Russell 2000 is up over 46%. Since the end of 2002, when the current bull market began, the S&P 500 is up over 80% while the Russell 2000 is up over 120%. This growth in the stock market has been driven by worldwide economic expansion and we don't see this expansion abating anytime soon. Fortunately, neither do the economists at the Federal Reserve or market gurus such as Bill Gross (the manager of the world's largest bond fund), whose opinions we greatly respect and carefully watch.

Dissecting the performance of the stock market, the small and mid-cap market sectors (as defined by Morningstar) have lead the way so far this year, with large caps once again lagging. In a departure from recent trends, however, the growth components of the market are outperforming their value counter-parts year-to-date. Specifically, mid-cap growth is up 12.31% through quarter-end, followed by small-cap growth at 10.49% and mid-cap value at 9.90%. Large growth is up 8.14% on the year, while large value is up 7.32% and small value up 7.16%. Interestingly, even though growth has outperformed value on average this year, the KFS value managers we recommend are still managing to beat the KFS growth managers by a decent margin.

Our Managers

Looking at our specific managers versus the benchmarks, eight of our top ten managers (in terms of total dollars invested) are ahead of their benchmarks at midyear. This also means that the majority of our client portfolios are ahead of their "blended" benchmarks at mid-year. If you've been a KFS client for a period of time, it will come as no surprise that Keeley Small Cap Value and Excelsior Value and Restructuring (a large cap value fund) top the KFS manager list. Their consistency continues to amaze us year after year. That said, however, it has been an excellent first half for most of our managers.

The Global Economy

As we have maintained in recent updates, we believe we are in the midst of a Goldilocks economy domestically, which means it's neither too hot nor too cold, but rather just right. You may be wondering what makes an economy "just right?" Well, in the eyes of the Federal Reserve it's striking a balance between economic growth and inflation. As you know from our previous updates, the Federal Reserve raises interest rates when they believe economic growth is too brisk and, as a result, the potential for inflation is too high. (By the way, this is the biggest problem confronting the Chinese economy today…they are growing too fast and unless something is done, we believe high inflation rates will ensue.) On the other hand, the Fed will decrease interest rates when they believe the economy needs a boost and there is little danger of higher inflation. It is a difficult balancing act, to be sure. So, you ask, what has the Fed done recently with interest rates?

Goldilocks

The Federal Reserve has kept short-term interest rates unchanged for more than a year now and they don't appear ready to depart from this policy anytime soon. In other words, the Fed's view is that the economy is humming along at a nice, sustainable pace with no need to intervene. In addition to keeping interest rates unchanged, Chairman Bernanke has steadfastly predicted

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that the economy will pick up pace, even with the current downturn in the housing market. This train of thought is shared by a number of other economists as well, including Bill Gross (our PIMCO Total Return bond fund manager) who believes that global growth and consumer confidence are more than enough to supplant any negative economic impacts from the housing market. So once again, the positives for the economy appear to significantly outweigh the negatives.

Economics 101: Supply & Demand

Everyone is familiar with terms supply and demand, but very few people really understand the extent to which these factors actually drive the prices of all goods and services – including the stocks and bonds we all invest in. Basically, if the supply of a good decreases while demand remains constant, the price of that good will increase. Similarly, if demand for any good increases while supply remains constant, the price of the good will increase. These concepts are important when analyzing today's stock market because over the past few years corporations have increasingly been buying back shares of their own stock. In fact, U.S. corporations which make up the S&P500 have repurchased, (and thus retired from circulation), 7% of all U.S. common stock. Guess what happens when the supply of a good decreases? Yup, you guessed it, the price goes up. We believe these stock buybacks will continue for a while because interest rates remain relatively low and the economic outlook for corporations remains excellent. After all, corporations would not be buying back so much of their own stock unless they believed it was a good investment. Basically, the reduction in overall stocks available for purchase by investors will act as a positive factor for stock prices…all else equal.

Supply is Down, while Demand is Up

On a related note, merger and acquisition (M&A) activity continues to run rampant worldwide and in the U.S. At this point, the world is seemingly awash with liquidity…or cash…which feeds the buying binge. In 2006, there were $3.7 trillion worth in M&A deals done, followed by another trillion in the first quarter of 2007 alone. This demand for stocks by larger companies with deep pockets also tends to drive up stock prices. The good news is this process looks like it will continue as long as interest rates remain low and labor and raw materials remain cheap. Of course, this can't continue on forever, but at this juncture M&A activity shows no signs of letting up anytime soon. Again, all else equal, this will have the effect of driving up stock prices. So with corporate buybacks reducing the supply of stock and M&A activity increasing the demand, the result is a nice win-win situation for stock investors.

A Reminder: Healthy Caution

We would clearly be remiss if we did not point out the various problems and potential pitfalls inherent in our economy. Our government continues to spend too much, rising inflation is a possibility (although seemingly remote at present), sub-prime (high risk) loans are defaulting and the housing market is clearly in decline in some areas of the country. In addition, as we've reminded you frequently, the stock market has gone through one of the largest run-ups in history without a significant (10% or more) correction. Therefore, although we believe the positives currently far outweigh the negatives, we recognize that a short-term dip could be right around the corner. We believe that a short-term dip will be healthy for investors, as long as they maintain a long term perspective and avoid making any rash, emotionally driven investment decisions.

Revisiting Our Manager Selection Process

Our goal when choosing money managers is to find excellent managers who consistently produce superior results over time. This is not as easy as it may seem at first blush. After all, there are risks anytime you take past information and use it to make predictions about the future. We try to minimize these risks to every extent possible, however, by using the following core criteria to evaluate both prospective and current fund managers:

1. Excellent long-term track record.
2. Demonstrate a consistent ability to beat their specific benchmarks.
3. Holds a well-diversified portfolio with a minimum of style drift.
4. Reasonable level of fees and expenses for type of fund.
5. No up-front or back-end loads or fees.
6. Willingness to communicate with us, if needed, and answer any questions or concerns we may have.

Once we find a manager we like, we compare their numbers to those of our current managers. Of course, prior to any comparison, we carefully examine the underlying stock holdings of each mutual fund to be sure

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we're comparing apples to apples. Examining the underlying holdings of a fund is where a lot of investors tend to make some serious mistakes. What kind of mistakes? First, most investors don't own a diversified portfolio of funds, usually because they know enough about the underlying holdings of each manager they use. Second, without knowing the actual underlying holdings of the funds they're comparing, they often end up comparing apples to oranges. This leads them to either rule out some terrific managers, accept some not-so-terrific managers, or both. Remember, our overall goal is to provide you with a diversified portfolio across all nine style boxes. This would be impossible if we didn't spend a great deal of time analyzing the underlying stock holdings of each fund we use or consider.

The concept of diversification also ties into our third criteria…style drift. If we can be confident that a manager will keep the characteristics of their stock holdings relatively consistent, then we can be confident our clients will be able to continue enjoying the benefits of holding well-diversified portfolios. And well-diversified portfolios are critically important for all investors, even though most don't seem to know it or understand why. Remember, in our last newsletter we clearly showed how volatility acts as a tax on your portfolio?

Past Reminders

Last quarter we examined the role of volatility on a portfolio. Dr. Scott provided a very enlightening table that showed how volatility acts as a tax on your portfolio. The key to diversification is that it reduces portfolio volatility, and as Scott so ably demonstrated, this allows well-diversified investors to keep more money in their pockets going forward.

In previous newsletters we have also touched on the fact that value stocks tend to outperform growth stocks and that small cap stocks tend to outperform their larger counterparts. Academics refer to these phenomena as the "value premium" and "size premium" respectively and believe they exist because investors hold smaller amounts of these types of stocks than they should. The way we construct portfolios at KFS is predicated on providing exposure to all sectors of the stock market, meaning your portfolios are well-positioned to continue capturing these premiums. In effect, the methodology we use seeks to provide lower risk and higher profitability through diversification. And remember, the whole process is based on overwhelming evidence from academic research.

Finally, if we can continue to find excellent managers who continue to beat their long-run benchmarks, this will further boost your investment returns and add value beyond the benefits from diversification. And adding value is, as always, the overriding goal of everything we do.

TD Ameritrade Changeover

As all of you know by now, the TD Ameritrade merger (which happened last year) became final in May. In many ways the changeover went smoothly, with little or no impact on our clients. In fact, for most of you there have been no problems, which is as it should have been. In some ways, however, the changeover has been a train wreck and, unfortunately, for a few of our clients the process has been a nightmare. Thus, we would like to address some of those issues. First, let me point out that we, along with many other independent advisors using TDA as a custodian, did everything humanly possible to provide TDA with input regarding how the process should take place…from the web-pages, to the statements, to monthly ACHs…and the timing of when these various changes should occur. Much of this input was basically ignored by the new management at TD Ameritrade, which led to numerous problems, most notably with the new TDA client web-page, the $0 balance statements, and foul-ups in some of our client's monthly withdrawals. As the president of KFS, I take full responsibility for these problems and I apologize for any and all inconvenience they may have caused you.

Service Counts

Interestingly, we have used Waterhouse over the years specifically because of their excellence in client services. This has allowed us to focus on the things we do well, like managing money and communicating with our clients. In addition, I know Tom Bradley (president of TDA) pretty well and can chew on his ear when needed. It was Tom Bradley who built the excellent client service platform at TD Waterhouse that allows us access to the best fund managers, and as a result he has built up a lot of good will across a number of independent advisors like us. As it turns out, however, some of the changes at TD Ameritrade caught him off guard as Ameritrade had their own system for doing things and assumed (incorrectly, it turns out) that changing things would have no effect on the Waterhouse clients.

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Back to Normal

At this point, most of our problems have been fixed, in no small part to the hard work by Katie Burr and her staff. We hope things can now return to normal and we can get back to enjoying the kind of custodian-advisor relationship we have historically enjoyed with TD Waterhouse. That said, we are always looking at alternative custodians, to be sure we are partnering with the best possible custodian for our clients. Even prior to the changeover we had held preliminary discussions with Charles Schwab regarding switching to their custodial program, and we will continue to explore other options in the future. Fidelity has also started to aggressively expand their custodial offerings, so we will take a long look at them to make sure you are provided with the most efficient, lowest cost custodian for your assets.

A Side Note

As a friendly reminder, due to the change in name, TD Waterhouse to TD Ameritrade, we want to specifically ask that you when you send checks into our office to be deposited into your TDA account, that you reflect the name change on your checks. TD Ameritrade will only allow checks to be made out to TD Waterhouse for a few more days…then they will start returning the checks. As usual, the checks should be mailed to our headquarters office, but please make them payable to TD Ameritrade.

Some Humor

As many of you know, I belong to a nationally based group of independent advisors who share "best practices". As a humorous aside, I wanted to share with you a joke from one of my fellow advisors located in Bethesda, MD regarding the $0 balance statements. She wrote, *"Here's a quiz for everyone – winners will be qualified to head a major institutional brokerage firm (I hear Schwab has a vacancy).*

If you were a multi-billion dollar brokerage firm and you were planning to send out zero balance statements to your clients, would you:

A.)Send out the new correct statements first, followed by the zero balance statements with a letter saying the client should ignore it and look at the previous correct statement.
B.) Put both statements ($0 balance and new) in the same envelope with an explanation letter.
C.)Send the zero balance statements first, with a cryptic explanation buried obscurely in the statement, letting your customers agonize about the complete loss of their portfolios, and at some point in the future, when convenient, send out the new correct statement..

I knew two statements would be sent out – but silly me – I thought either options A or B was to be TDA's solution, not C ! Obviously I'm not qualified to run a major company."

10 QUESTIONS WITH DR. JOE

Q1: Dear Dr. Joe, Who qualifies for the Roth IRA and how much can you contribute each year? T.D.

A: Dear TD, In my opinion, if you qualify for a Roth contribution, you would be crazy not to take advantage of an account which promises NO TAXES upon withdrawal at retirement. On page 8, there is a table which outlines all of the various retirement accounts and who qualifies for them. At a minimum, contact your CPA (or the person who does your taxes) each year to see what type of retirement account you qualify for.

Q2: Dear Dr. Kiely, I know I need life insurance to protect my family if I should meet an early demise. How much should I get and what type do you recommend? JM

A: Dear JM, I am a firm believer in using term life insurance to protect your family. You can typically buy a level term policy which has the same payment for 20 years. Term insurance is cheaper, provides greater coverage, and is less complex. In some cases it can even be converted to a cash value policy for estate planning purposes. I personally own a term policy that protects Kellie in the event I die early. After the policy has lapsed, I will have my house paid off and my portfolio should be large enough that I'll no longer need life insurance. In effect, I'll be self-assured. I am not a big fan of cash value life insurance policies, which combine investments with insurance. I prefer to separate the two issues because it's far easier to evaluate each that way. Cash value policies are notoriously poor investments and notoriously expensive insurance policies, but since they're combined, most people who hold the policies never discover this until it's too late. This is why I like to recommend buying low-cost "term" insurance and investing the difference with an advisor.

Q3: Dear Joe, every day you see how quickly China is growing. Is this a blessing or a long term problem? SZ

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A: Dear SZ, Is that a loaded question or what? As you know, I am a firm believer in open markets and limited trade restrictions. Thus, I love to see what is happening in China, India and everywhere else for that matter. The more countries that embrace an open market system of trade, the better it will be for all of us. What I don't like is the interference of governments by way of trade barriers, excise taxes, non-floating currencies and anti-free market trade laws. Free trade will always be a politically charged topic and governments will always try to use trade restrictions to their own advantage. But as recent history demonstrates, earnest negotiations and multilateral trade agreements can overcome many of these problems, to the mutual benefit of all countries involved.

Q4: Dear Dr. Kiely, What is the history of the Dow Jones Industrial Average (DJIA)? If it is the most widely reported index, why don't you like it? T.H.

A: Dear TH, According to Dow Jones, the industrial average started out with 12 stocks in 1896. For all you trivia buffs out there, those original stocks and their fates follows: American Cotton Oil (traces remain in CDC international); American Sugar (which became Amstar Holdings); American Tobacco (killed by anti-trust action in 1911); Chicago Gas (absorbed by Peoples Gas); Distilling and Cattle Feeding (evolved into Quantum Chemical); General Electric (the lone survivor); LeClede Gas (now the LeClede Group but not in the index); National Lead (now NL Industries, but not in the index); North American (group of utilities broken up in the 1940s); Tennessee Coal and Iron (gobbled up by US Steel); US Leather Preferred (vanished around 1952); and US Rubber (which became Uniroyal and then Michelin). The number of stocks was increased to 20 in 1916. The 30-stock average made its debut in 1928 and has stayed at 30 since. Since there are thousands of stocks which trade on the US exchanges, we have never liked using a 30-stock index to describe the overall stocks market…it's a little like using a microscope to examine a famous painting. You only get to see a tiny piece of the subject at any one time and it's impossible to get a good "big picture" perspective.

Q5: Dear Dr. Kiely, I understand you send out monthly e-mail updates about the economy and the market? I don't use the internet, so I don't get those updates. Any solutions? K.M.

A: Dear KM, Absolutely. We are now sending out hardcopies to everyone and requesting all of our clients contact us to receive e-mail updates only. This way, those of you who still choose to avoid the internet will not be left out. Please contact Katie Burr at katie@kielyfinancial.com to receive these updates. We send them out almost monthly and it is a great summary of our markets, the economy and what is going on at KFS

Q6: Dear Dr. Joe, Can you give me a full update on the ankle? Staph infections can be serious and can sometimes lead to death. K.D.

A: Dear KD, Thank you for the concern. I spent two weeks in the hospital and have been rehabbing my ankle ever since. I ended up getting a non-resistant staph infection which made it easier to fight. Luckily, we also have an excellent infectious disease group in town (Asheville), and they were very helpful to me. I can now put a decent amount of pressure on my ankle and it's only a matter of time until I will be able to walk again. They tell me I will fully recover and be able to run, jump and kite surf as I have in the past. Everyone tells me that the main lesson I am supposed to learn from this experience is patience, which has never been one of my strengths. Heh-heh, we'll see….

Q7: Dear Dr. Joe, I have finally retired…thank you! I have since moved and basically lost all of your old newsletters. Over the past year, you have recommended two books, can you provide the name of those two again? Thanks to you, I now have the time to read them! M.L.

A: Dear ML, No problem. Now that it's summer and people are taking some time off, maybe they too will look at these two fantastic books if they have not already done so. They are "Value Investing," by Christopher Brown and "The World is Flat," by Thomas Friedman.

Q8: Dear Dr. Kiely, Do you and your team have a Disaster Recovery Plan? J.M.

A: Dear JM, we do and you are more than welcome to have a copy of the booklet we provide to our employees. We have made extras for those of you who are interested. Our Disaster Recovery Committee meets at least twice a year and constantly revises our plan to better suit our current situation at KFS. The disaster recovery plan covers everything from a nuclear strike to the death of someone on our team. We believe we have planned for every contingency. In fact, we are required to do so by the SEC.

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Q9: Dear Dr Joe, Can you comment on the weak dollar? W.O.

A: Dear W.O., Did you just get back from Europe? As a traveler, the weak dollar can be painful because you exchange dollars for fewer and fewer Euros, Pesos, Yen, or whatever currency is used in the country you're visiting. However, when it comes to the stock market and the trade deficit, a weaker dollar can be an advantage because it makes goods and services produced in the U.S. cheaper to customers in the rest of the world. Increasing levels of exports typically leads to greater profits for the companies who produce them and act to reduce our balance-of-trade deficit, which is at one of its lowest rates in years. In the past, we have discussed the various trade-offs that exist in our economy. In the grand scheme of things, we do not believe a strong or weak dollar will have a major impact on our economy one way or the other.

Q10: Dear Dr. Joe, I know you have an outside 401k company? However, what happens if I want you to manage my personal 401k account with my current employer? C.M.

A: Dear CM, We manage a number of our client's 401k accounts for them. We would simply need your 401k or retirement internet address, your logon ID and a password. Typically, most 401k plans do not provide very good choices for their employees. Often, it makes sense to invest in only a few funds at work and then have us rebalance your current portfolio at KFS around those choices, so your entire portfolio is well balanced. We find many clients do not look at their overall "global" financial picture, which leads to clustering of assets, over-weighting of certain market styles and potential disaster.

KFS NEWS

As most of you know, we at KFS had a chance to learn a little bit more about each others jobs and responsibilities during the first quarter of 2007. At that time, Katie Burr gave birth to her beautiful daughter Reese. As it turns out, the first quarter also prepared us for my unexpected hospital visit in April and May. In early April we reported to you that the process had forced us out of our comfort zones and made us roll up our sleeves and get back into the trenches. Every advisor got the opportunity to better understand each of the issues and challenges each of our specific offices presents. I am happy to report that during my recent short absence, the offices continued to run without missing a beat. It was business as usual…which makes me feel great and hopefully does the same for all of our clients.

Over the past few years, we have developed a number of processes and procedures for any type of disaster… including death or disability. This insures our office will run unabated regardless of who is in charge. I'm personally planning on running this firm well into my sixties or seventies. That said, my short absence gives me great confidence that our clients' financial needs will be handled expertly no matter what. And at the end of the day, that's exactly what you have hired us to do. We take our responsibility to your financial well-being extremely seriously, and I hope it comes across that way in all our dealings with us. If not, please let us know!!!

On a bit brighter note, we have made an excellent new hire recently. Zack Stein, our "graduate student intern," has graduated from the MBA program at ECU and moved to his hometown of Greensboro in June. Zack did nice job for a number of years…and we certainly hope we had a positive influence on his education and his future. In his place, we have hired Kristen Below (Scotts' wife) to run the day-to-day operations in Greenville. We think this is a fantastic hire for a few reasons. First, Kirsten and Scott are entrenched in Greenville, meaning we can plan on Kristen being in our main office for a long time to come. Second, I have known Kristen since 1993 and can assure you she is empathetic, responsible, hard-working, efficient and exceedingly conscientious. (We've already had great feedback from you on Kristen…thanks!) The bottom line is this: We know Kristen's personality very well and feel extremely fortunate to be able to add her to our team. We are confident she will help us take KFS customer service to an even higher level.

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During July and August we typically take our summer holidays. I personally will be out for parts of July and August. That said, I check my e-mail, my voicemail, the stock market and our managers' performance daily. And Scott, Brownie and Katie do the exact same thing. We rarely take an entire day off from KFS. Even when Katie was out on maternity leave I had to call her husband to get her to stop working. And then, this past weekend, while Scott was in South Dakota visiting his parents, he had serious withdrawal symptoms when his computer went down for one day! He didn't realize how bad his addiction to the "net" and investment news was. Of course, we already know how Brownie's retirement hobby is his job. My point is…we are always here for you and we love what we do, which is working with (and for) you. Even at the rare times when you may not be able to get up with one of us, someone else is always here to help.

A Final Note

As usual, I want to thank each of you for your continued confidence in our services. Our overall philosophy, which combines the best managers (and mutual funds) with research-driven asset allocation strategies, has provided excellent returns to all of us. As we go forward, we remain committed to continuing to refine and improve these proactive strategies. As always, our goal is to provide each of our clients with the best possible mix of assets given their particular situation.

If you need anything or your goals or time horizons have changed, please do not hesitate to call or drop an e-mail to set up an appointment. We are here to serve your financial needs, whatever they may be. We thank you for your kind comments, your kind referrals and your feedback regarding this newsletter.

Enjoy your summer!

~Joe and The Gang at KFS.

2007 IRA Contribution Table

	Traditional IRA	Roth	Coverdell ESA	SEP IRA	Simple IRA	529 Plan	401K Plan
Contributions	Tax Deductible	Not Tax Deductible	Not Tax Deductible	Tax Deductible	Tax Deductible	Tax Deductible Depending on State	Tax Deductible
Earnings	Tax Deferred	Tax Free	Tax Free	Tax Deferred	Tax Deferred	Tax Deferred	Tax Deferred
Withdrawals	Taxable	Not Taxable After 59 ½ *	Tax Free Qualified Education Before 30	Taxable	Taxable	Tax Free from Federal & State Income Tax	Taxable
Who's Eligible	Less than 70 ½	No Age Restrictions **	Less than 18 or special needs	Typically Self Employed w/ only a few employees	Appropriate Plan for 100 or fewer employees	Anyone	Less than 70 ½
2007 Contribution Amounts	$4,000 < 50 $5000 >50	$4,000 < 50 $5000 >50	$2,000 Per year until minor reaches 18	Up to 25% of Income or $45K	$10,500 < 50 $2500 >50	$12-$60K a Year Single State Limits Vary	$15,500 < 50 $20,500 >50
Penalty Free Withdrawal	After Age 59 ½	After Age 59 ½	Qualified Edu. Expense From Ages 1-30	After age 59 1/2	After age 59 1/2	Qualified Education Expense After High School	After Age 59 ½
Required Distribution	70 ½	None	30	70 ½	70 ½	NONE	70 ½

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