



KEATS, CONNELLY
and Associates, LLC

Bridging the Border to Your Financial Future

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SUMMER 2009 E-UPDATE NEWSLETTER

2010 Cross-Border Living Workshops

Phoenix, AZ— January 26

Rancho Mirage, CA — February 2

Naples, FL — February 9

Manalapan (Palm Beach), FL — February 11

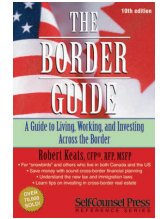
Bob Keats' 10th Edition—The Border Guide

—will be available on bookstands soon.

Visit our websites at

www.theborderguide.com

www.keatsconnelly.com



DHS Clarifies “Unlawful Presence”: Good News for Most Canadian Visitors—by Brad Flecke, Senior Planner

The U.S. Department of Homeland Security (DHS) has released an internal memo that clarifies “unlawful presence” under U.S. immigration law. Though the unlawful presence rules have been on the books for years, the definition of “unlawful presence” and its application have changed a number of times. For anyone in the U.S. who is not a citizen or green card holder, these rules may be important. Under certain circumstances, leaving the U.S. after a period of unlawful presence can trigger a three-year, ten-year, or permanent bar from the U.S. (*Continued on Page 2*)

Health Insurance in the U.S.—by Leslie Hamilton, Staff Planner

There is good news for U.S. immigrants who are not eligible for Medicare or do not have group insurance with a U.S. employer. One of the issues that comes up regularly with those who are either thinking about or in the process of relocating to the U.S. is figuring out how to be sure that medical expenses are covered once they become U.S. residents. Our Canadian clients are accustomed to being covered for most eventualities—even with pre-existing conditions—and most have additional insurance either as employees, through retirement benefits from their employer, or by purchasing it privately for a modest premium. The possibility of incurring large medical expenses in the U.S. system is daunting to many. (*Continued on Page 2*)

CHGFE—Currency Exchange—by Kristin Martin, Investment Assistant

Have you heard about Custom House Global Foreign Exchange (CHGFE)? This foreign currency exchange firm that Keats, Connelly and Associates and our clients have used for currency conversion for many years will soon be merging with the Western Union Company—a global leader in payments.

CHGFE is fluent in foreign exchange and understands that each of our clients has different needs and goals. They have been voted one of Canada's *50 Best Managed Companies* for the past nine years. They can help you take advantage of favorable market shifts and can usually provide you with the best exchange rate available. They are easy to work with and are very responsive to our clients' needs. For individual and business services, account set-up and transactions can be handled by calling their toll free number 1-800-345-0007 or by visiting their website at www.customhouse.com. (*Continued on Page 2*)

Investment Strategies— *Peter Eickelberg, Senior Investment Officer*

By now we have all had a chance to reflect on how much money an investor could have made by putting cash into the market just before the second quarter upswing. For those who stayed in the market, the recent historic market rally wiped out much of the prior six months' losses. We feel this underscores how important it is to stick with an appropriate long-term plan. Sadly, some investors dropped out of equities in the heat of the moment and thereby crystallized significant losses.

While we all might want perfectly timed purchases and sales, we live in the real world and do not have the benefit of hindsight when making real economic decisions. Market turning points are just too hard to hit. People who play this game end up hurting themselves through unfortunate timing and extra transaction costs. Our strategy is to build appropriately diversified portfolios that pursue long-term growth. While we may make adjustments here and there, we strive to avoid getting caught up in the short-term noise that can lead to bad decisions. We feel you will be best served by allowing the markets do the work for you and not reacting emotionally to the latest headline, so we will continue to look at how to protect your assets while keeping you on track with your long-term investment plan. ▢

DHS Clarifies “Unlawful Presence”: Good News for Most Canadian Visitors

(Continued from Page 1)

The memo confirms that DHS will interpret “unlawful presence” to mean a) remaining in the U.S. after the expiration of a period of authorized stay, or b) remaining in the U.S. after entry without inspection by an immigration officer at a port of entry. A nonimmigrant admitted until a specific date which has passed meets this definition. So, too, does a conditional permanent resident (married to a U.S. citizen less than two years) whose residency has expired. The DHS memo makes clear that unlawful presence does not accrue simply because an individual stops pursuing the purpose for which he/she was admitted (e.g., when a person on an H-1B work visa quits his/her job).

To avoid a lengthy bar from the U.S., an individual who has accumulated six months or more of unlawful presence will typically either a) leave the U.S. and apply for a waiver (if one is available), or b) avoid leaving the U.S. until a green card can be issued based on marriage to a U.S. citizen (adjustment of status).

Most importantly for Canadians, the memo confirms that a “non-controlled nonimmigrant” (DHS lingo for a Canadian entering as a visitor without a hard copy B visa) never accrues “unlawful presence” no matter how long he/she stays in the U.S.—with one exception. Unlawful presence begins to accrue if a Canadian visitor a) applies to CIS for some kind of immigration benefit, and then b) CIS denies the request because he/she violated the terms of his/her entry (e.g., by staying longer than twelve months or by working without permission). Even then, the Canadian visitor is typically given 30 or 45 days to depart voluntarily with no three- or ten-year bar.

Whether by accident or by design, most Canadian visitors enjoy a generous exception to a harsh set of rules. I just wish DHS would find a friendlier term: instead of “non-controlled nonimmigrants,” how about “good neighbors supporting our economy”? □

Health Insurance in the U.S.—(Continued from Page 1)

There are solutions available:

Standard Private Health insurance is available to those with legal status in the U.S. such as a green card. This insurance is available from sources such as Blue Cross Blue Shield, AARP and others. These policies will provide a menu of coverage including varying levels of deductible. Provided there are no serious pre-existing conditions, these policies work well.

Group Health insurance is a solution for many who are working; however, this may or may not continue into retirement. Pre-existing conditions are usually covered after a specified period which varies by plan.

Medicare Parts A & B, as well as D, plus supplementary insurance, are available to those who are eligible U.S.

Health Insurance in the U.S.—(Continued)

citizens, spouses of U.S. citizens (after one year of marriage) who qualify for Social Security benefits, and permanent residents after five years, qualify for Medicare at age 65. To receive Part A without paying a monthly premium for it, one must have 40 quarters of qualifying U.S. employment. One may pay a reduced Part A premium with 30 qualifying quarters. Though Canadian employment may be used to qualify for U.S. Social Security benefits, Canadian employment may not be used to qualify for subsidized Medicare Part A benefits. Everyone pays for Part B and D benefits, as well as supplementary policies that cover the costs not covered by Parts A, B and D.

Worldwide insurance that can be arranged prior to emigrating is available, as well. This insurance provides coverage anywhere in the world and can be arranged for individuals that have most types of pre-existing conditions. High-deductible policies are a good choice in this category because they help reduce the cost of these policies.

Residents of certain states have an additional option available. A growing number of states have a form of group insurance called ‘One-Life’ insurance, most notably Florida, Washington and New Mexico. Insurers are required by law to offer this type of insurance and cannot refuse an applicant due to his/her health. One Life is available to groups or individuals. In order to qualify, applicants must prove that their business exists to make a profit. The insurance companies are required to provide such insurance—and while One Life seems an attractive solution, the qualification process includes proof that you are in business and may require copies of tax returns. The annual sign-up period occurs in August.

This insurance process can be quite complex. Keats Connelly and Associates reviews clients’ situations and provides them with the appropriate recommendations. □

CHGFE—Currency Exchange—(Continued from Page 1)

The Custom House website contains current financial news such as *Market Highlights*, *Industry Links* and the latest financial market news to help you stay on top of the rapidly fluctuating currency market. They offer a free daily subscription to their newsletter, *World Market Update*, which details the various market factors that affect the market and currency pricing. Their *Monthly Currency Outlooks* newsletter contains a summary of the month’s currency events.

Exciting news in a recent press release dated May 7, 2009 by Western Union Company announced a definitive agreement to acquire the Canada-based Custom House, Ltd. This is expected to close in the third quarter of 2009, and when the transaction is complete, Custom House will continue to operate under its existing management team in Canada.

According to the release, Western Union president and chief executive officer, Christine (Continued on Page 3)

CHGFE—Currency Exchange (Continued from Page 2)

Gold, stated, “Custom House is a dynamic business and has a significant customer base in the cross-border payments market. Western Union intends to grow this business by attracting new customers and entering new geographies.”

In addition, Peter Gustavson, Custom House chairman and founder, was quoted as saying, “We are extraordinarily proud of what the Custom House team has accomplished as an independent company and are excited about the increased potential that will come from leveraging our collective resources.” Ranjana Clark, executive vice president of Global Payments and Global Strategy, stated, “Custom House is a highly complementary business with a proven operating model, seasoned management and differentiating technology. Custom House President and CEO Peter Ciceri and his team are known for providing clients with speed, accuracy and world-class customer service.”

For KCA, this is one more reason that Custom House will prove to be our point of contact with currency exchanges. Custom House’s reliable payment capabilities to over 120 countries worldwide will only be enhanced by Western Union’s globally recognized brand and financial strength. □

National Advisors Trust, FSB Conference

—by Drew Phillips, Investment Assistant

National Advisors Trust Company (NATC) provides innovative trust and custodial services for financial advisors, as well as a full range of services including trust, custodial, and retirement plan services. Keats, Connelly and Associates is a founding shareholder and proud representative of NATC. Now working with over 135 of America’s finest independent advisory firms, NATC has surpassed \$100 billion in total client assets. With a strong and growing asset base, they are one of the largest independent trust companies in the nation.

NATC held a conference in Santa Barbara, California, this past spring to discuss their exciting growth and upcoming products. Some of their improvements include an updated website and new database software: *AdvisorDesk* and *TradeView*.

AdvisorDesk is a multi-custodial portfolio management and trading platform. Some of the notable features include rules based trading, simulated trades with pre/post trade views, block trading, full trade desk capabilities, model-based rebalancing, tax optimization trading, and alert widgets.

TradeView works with *AdvisorDesk* as a trading platform that controls every step of a trade. *TradeView* will streamline trading and increase efficiency at Keats, Connelly and Associates—not as just another piece of software, but as a great addition to KCA’s technology lineup to help serve our clients. The first phase of improvements was implemented July 1st of this year. □

Tax Client Survey—Kathy Bayer, Marketing

You may have already received your survey regarding CBTA’s performance this year and submitted your reply. We thank you! The recent data collected indicates that our Cross Border Tax & Accounting, LLC (CBTA) division of KCA has scored high marks for timeliness, accuracy and overall satisfaction for the completion of tax clients’ 2008 filings to-date.

Of the 158 surveys sent, 31 (19.7%) responses reported outstanding results in the following areas: Nearly 70% *strongly agreed* that their return was completed within a reasonable timeframe after submitting their information, all of their filing requirements were completed, their information was accurately reported, and 100% responded that their questions were answered to their satisfaction! One third agreed the tax service value per cost is *very good*, and approximately 55% rated their *overall* satisfaction as *excellent*. Additional surveys will be sent out as taxes are completed for ongoing and new clients, so please submit your feedback to improve our customer service processes. □

Green Tip\$—by Virginia Dhondt, Staff Planner



Is the air quality *inside* your house better than the air quality *outside*? By using a VOC meter, various locations can be tested for Volatile Organic Compounds. After measuring various areas in Los Angeles, CA, the team on FLN's *Big Green Lies* determined that the air quality outside is better than inside. The best reading was behind a city bus. (LA has natural gas buses.) The worst reading was at a nail salon. The average outdoor area, even with visible smog, was about half the level of the readings in the houses tested. "Clean freaks" actually had higher rates than others because of the spray products they use, so avoid using sprays like air deodorants and personal products. When purchasing cleaning products, look for "no VOCs." While the cost may be a bit more for brands like Seventh Generation, Method, or Mrs. Meyers, many consumers report using less product with these brands. Meanwhile, consider using your current supply of cleaners while your windows are open.



Money saving tip: Use what your great-grandmother used—*vinegar*. See www.vinegartips.com for many uses for this economical solution. Baking soda or hydrogen peroxide may also be used as inexpensive stain removers. □

KCA Fun Employee Factoids

1. Who owned a baby skunk named Petunia?
2. Who won a high school music award for playing tuba in the band?

See answers on side of panel.

1. Sheri Lathrom
2. David Levine

Keats, Connelly and Associates works around the clock to provide clients with every tool possible to realize their dreams of a cross-border lifestyle. KCA also partners with several industry, university and community organizations to promote education, progress and change to benefit everyone on both sides of the border – and beyond.

As such, KCA is often called upon as industry experts on several financial, economical and general business topics in both Canada and the United States. And, due to their team’s hard work, KCA also has the great honor of being recognized by organizations and associations across the country as leaders in our industry and in the community.

Below is a snapshot of some of KCA’s most recent outreach, honors and recognitions:

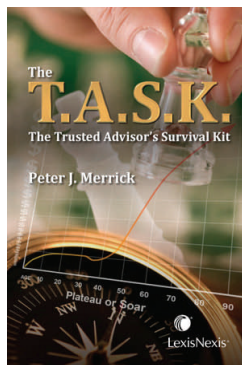
KCA has been named one of the top wealth management firms in the country by *Wealth Manager Magazine*, as part of its Ninth Annual Top Wealth Manager (formerly “Top Dog”) report. The firm has been honored each year since the list’s inception. According to *Wealth Manager*, to be considered firms must be registered independent advisors with their own IARD/CRD numbers and must offer financial planning services. Additionally, at least half of each of the firm’s clients must be high net worth individuals as defined by the SEC. To view the entire article and full list of honorees, please click [here](#).



KCA was also named to *Arizona Woman Magazine*'s annual “Who’s Who in Business” issue. Each year, the popular magazine seeks out the best and brightest

companies in Arizona with a strong female presence. KCA made the top 10 list in the category of “Estate and Financial Planners.”

KCA is also pleased to announce its president and co-founder Robert Keats as a contributor to *The Trusted Advisor's Survival Kit*. Already seen as an expert on finance on both sides of the border through his own book – *The Border Guide* – Keats was more than happy to contribute personal stories and insights from advising extremely successful entrepreneurs and executives for this project, which is meant to be a reference for accountants, financial and investment advisors, lawyers, business owners, corporate executives and financial media across north America. Keats contributed to more than one chapter, but offers the most advice in Part VIII, a chapter dedicated to offshore investing. For more information about the book or Keats’ contributed chapter, please click [here](#).



In addition to this contribution, Keats also lent his expertise to a recent *Phoenix Business Journal* article on the ongoing saga of the Phoenix Coyotes. Among his notable quotes in the article, “Canadians come to Arizona as tourists and to buy real estate. The attention generated by the Coyotes’ possible move, especially in the Toronto area, only can help put Phoenix and Arizona in the forefront of their minds,” he said. To view the entire article, please click [here](#). The *Phoenix Business Journal* also recognized KCA in its June 5 edition, naming the firm in its list of top independent investment advisors in Arizona.



KCA CEO Dale Walters authored an article focused on succession planning for accounting firms in the July/August issue of *AZCPA Magazine*. The article was especially newsworthy to Walters, since KCA announced its own succession plan in recent months where it will transition ownership of the firm to a handful of employees gradually over a 10-year period. The deal will allow next-generation employees to take out loans from Fiduciary Network LLC of Dallas to purchase equity from the business’ principals, Bob Keats and Dale Walters, as they approach retirement in the next decade. To view the entire article



and additional advice from Walters, please click [here](#). And finally, be on the lookout for Dale Walters in the October issue of *Arizona Business Magazine*. Walters authored an article on working with the internationally mobile client – like you! □

Editorial—by Kathy Bayer, Marketing

In addition to the above articles and other activities, **Dale Walters** is writing his own book, *Taxation of Canadians in America*. This new book will cover topics such as tax issues related to moving to and living in the U.S., as well as information for those Canadians leaving the U.S. We look forward to its completion as a new resource for clients.

On the Phoenix home front, KCA would like to welcome **Martha Mendoza** to our staff. Among many other administrative and concierge duties, Martha is a wife, mother of three young children and attending college. We appreciate her assistance and pleasant smile that welcomes us, our clients and other visitors.



If you have any questions or comments regarding this E-Update newsletter, please call 1-800-678-5007, ext. 130, or email me at kathyb@keatsconnelly.com. Thank you. □