Lesjak Planning CORPORATION

The Advisor

SUMMER 2002

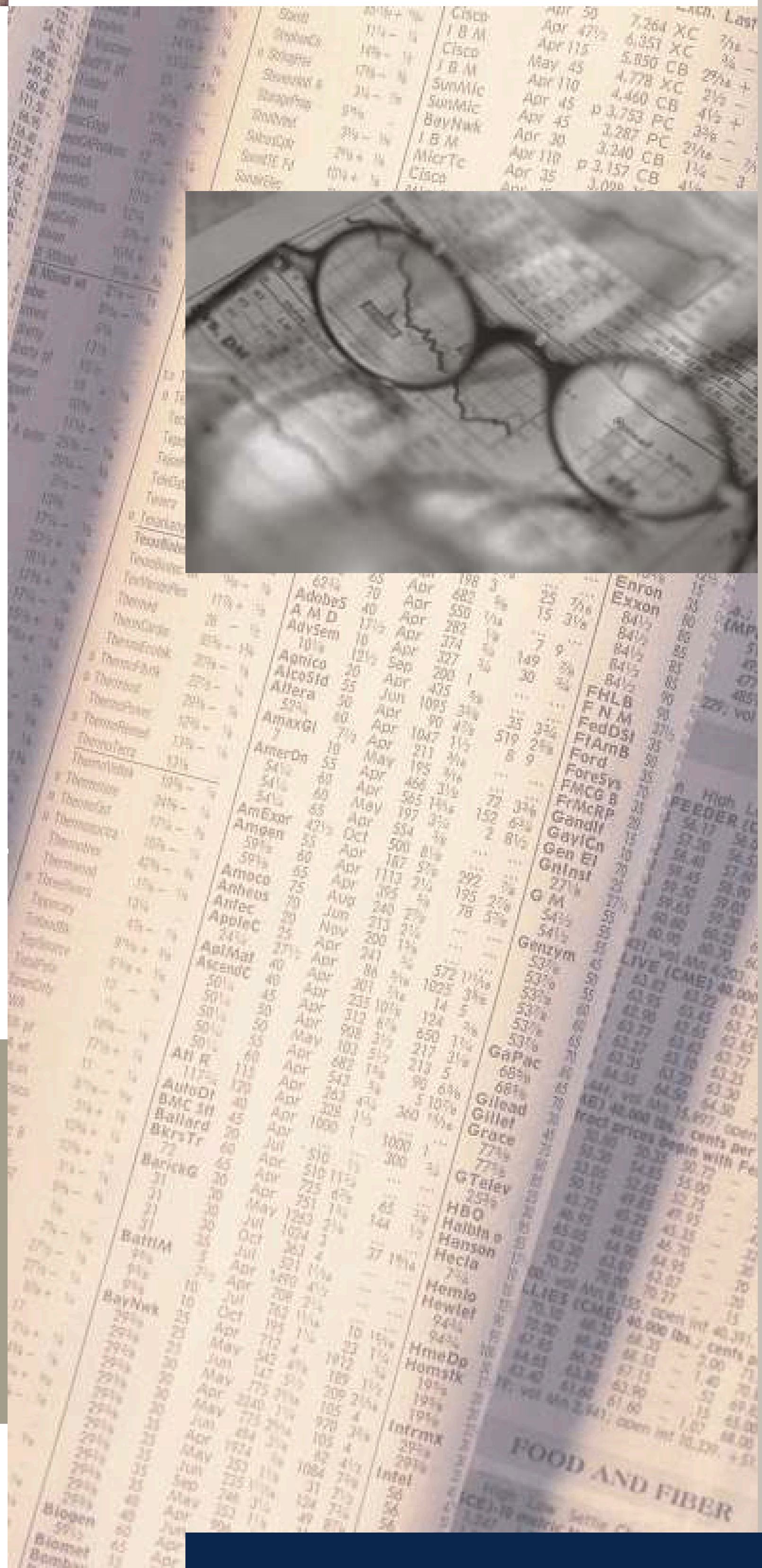
Market Summary
Year to Date

Dow Industrials	**-13.34**
Dow Transportation	**-6.05**
S&P 500 Index	**-19.75**
NASDAQ Composite	**-29.58**
Russell 2000	**-15.40**
International	**-7.80**

- Congratulations go out to **Marc Thomas** who was recently awarded the Certified Financial Planner designation. Testing was completed following three years of training and course completion. Marc joined our team in July 1999 upon graduation from The University of Akron with a Masters Degree in Business Finance.

- In Addition to our four CFP's, **Karen Grabinski** and **Kathy Bruckner** hold the accredited Paraplanner designation. We are committed to the ongoing education of all principals and support professionals.

- On a further note, **Nathan Gist** was recently recruited to our team on July 1st. Nathan graduated in June with a Bachelors degree in Business Finance from Ohio State University. You most likely will have contact with him in the future.



Market Comment

It seems like just yesterday that everywhere you looked, the news contained verification that this was one of the greatest times to live, work and invest in our country's history. Jobs were plentiful, homes were affordable due to low interest rates, and the stock markets seemed to reach new highs daily. New companies were tripping over each other trying to get their stocks listed on the exchanges to get their share of the investment dollars. A new invention, "day trading" became so easy and profitable that successful business people were quitting their careers to make their fortunes pushing the enter key on their computers.

Reversion to the mean, or returning to normal, is a very powerful phenomenon. This period in history is proving to be no different. Greed and fear continue to dominate the decision process relating to business and investing. The greed of the nineties has come home to roost in a spectacular chain of events. The buying of the markets to excess has been regularly cyclical over time and is expected in the investment world. What is not expected are the misdeeds of some leaders of corporate America and the tolerance of their abuses by the accounting firms that are supposed to keep them in check. As current events are played out, the incentive appears to have been compensation in the form of bonuses and stock options for the immoral CEO's, and the fear of losing huge auditing fees by the accounting firms if they exposed the scams. **Greed.**

The investment climate is very, very scary at this time. Bad news is good news so it dominates every aspect of our media and it's speed is lightning quick. The persistent decline constantly wears at our emotions and affects those on a fixed income even greater. Thoughts of disappearing assets invade our daily lives and we wonder when, or if, it will turn around. Terrorist attacks add to the worries of what will happen if we are targeted again. The corporate abuse of trust has us questioning how widespread have these practices infiltrated large, trusted companies. The unknown future has us questioning well laid plans and strategies that seemed to be going so well. **Fear.**

A comforting fact is that reversion to the mean is not exclusive to just the good times. These negative events and their perpetrators will be exposed, punished and forever stripped of our trust. New procedures will be mandated to discourage misdeeds in the future, and business and American ingenuity will lift us back to new highs in production and profitability. We are the greatest country in the world for a reason. Not perfect, but nevertheless the greatest. **Trust.**

Typically, investors raise their risk profile when the market has gone up and lower their risk profile when the market is down. According to a Wall Street Journal poll, 53 percent of investors feel the market is more risky after a bear market. However, it has been these periods that have presented the best investment opportunities. Simply put, diversification is the conscious decision to not achieve the highest returns in exchange for not achieving the lowest returns. This is an emotional decision that is tested to its limits during extreme up and down periods. Those whose conviction holds true are ultimately rewarded in the end. **Planning.**

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The ADVISOR is published generally four times per year by Lesjak Planning Corporation. It is mailed at no cost to our clients that have an Advisory Agreement with Lesjak Planning Corp.

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Lesjak Planning

Information cutoff date: 7/12/02

S&P 500 Index Making Moves

When looking for a benchmark to evaluate the economy and overall stock market one invariably searches out the S&P 500 Index. Typically, the index is characterized as a passively managed index of large stocks. However, the last few years have raised the question of whether this is really the case.

An eight person committee periodically reviews the sector weightings of the S&P 500 versus the weightings of all stocks traded on U.S. stock exchanges. For example, during the late 1990's the index only had 14 percent in technology while the overall market weighting was 18 percent. In response, the committee decided to add technology companies to the index and subsequently removed various retail and industrial companies. Essentially the index purchased technology stocks at their high and sold more established stocks at their lows.

During the year 2000, the index averaged four new stocks a month. The result was fewer mid and small value stocks in return for large cap growth stocks, mostly in the technology sector. Between February 2000 and 2001 there were 47 stocks added to the S&P 500 for non-merger or spin-off reasons, 24 of which are technology. The one-year average return for these stocks was -15.5 percent from the time of their addition. In contrast, 19 stocks were removed from the index during the same time period for non-merger reasons with an average return of 44.5 percent from the time of their removal.

According to the vice president for indexing services at S&P, their mandate is "to reflect market weights in the indices…We are followers, not leaders." The index has already removed 3 of its technology additions and preliminary plans call for 7 more removals due mid to late July. As stated, the index is following the market as it sells its technology stocks at their lows after they were purchased at their highs. It appears the S&P 500 Index is not as passively managed as most are led to believe.

Market Comment

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What To Do

We have been fortunate to have been participants in this financial planning profession since its infancy nearly three decades ago. Nearly eighty years of experience is combined between the three principles at LPC. Reading back over our newsletters since the first in 1980 brings back memories of how many investment strategies and products have come and gone. Re-reading these past issues brings back the emotions that were felt on the news of us bombing Iraq, the agony of watching the television screen as the market plummeted 20 percent in one day in October 1987. The passage of time helps dull the memory of how terrifying those events were during the time of their unfolding.

Every event that caused an investment to cease to exist, or invoked panic selling or buying can be used as a learning experience or passed off as just a variation from the norm. We feel confident that we have learned from each event and have modified our thinking and planning philosophy as a result. We have positioned our business to qualify and retain the best in their respective areas of expertise to build a solid team for our clients while avoiding conflicts of interest. A quality that is mandatory in our managers and associates is one of conviction to their style or beliefs in good times or in bad. Those that switch around during tough times or chase good times are not confident enough in their style to provide consistent long-term results.

Over the years, we continue to evolve in our goal to provide the best research, investment strategies, overall financial planning, and service that can be found. We will hold to our convictions and our philosophy of financial planning through both the highs of the greed cycle and the lows of the fear cycle because we have been there before and are confident that each cycle is temporary and that new highs are forthcoming.

We realize though, that these times can bring high anxiety to those that have not experienced them firsthand before. Please contact us to talk or get together to modify plans if the worry becomes too great. Plans are flexible and can be changed if the need arises.

Investment Advisor's Act

The Investment Advisor's Act requires that as a management client, you be offered the annual opportunity to obtain a copy of Part II of Form ADV filed by Lesjak Planning Corporation with the Securities and Exchange Commission. This should be our Lesjak Planning Corporation brochure. A copy will be sent to you at no charge upon request.

Uniform Lifetime Table

Age	Divisor	Age	Divisor
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115+	1.9

Final Required Distribution Regulations

After two sets of proposed regulations, the IRS has issued final regulations that provide required minimum distribution (RMD) rules for qualified plans (IRAs, 401(a), 403(b)s). The good news is that the new final regulations simplify the required distribution process for retirees and business owners over age 70 ½.

Benefits Of The New Final Rules

- Required distributions are much simpler to calculate and easier to explain.
- If the participant takes only the minimum each year, they will never outlive their retirement funds.
- The choice of beneficiary does not adversely affect the participant's distributions. The new rules use the *Uniform Lifetime Table,* which is based only on the participant's attained age. There is no longer a need to use the beneficiary's age.
- The participant can freely change beneficiaries after age 70 ½. The RMD calculation is no longer tied to the beneficiary of record on the April 1 after the year age 70 ½ was attained. Therefore, under the new rules, the participant can change beneficiaries at any time without it affecting the RMD calculation.

New Life Expectancy Tables

Effective in 2003, the new *Uniform Lifetime Table* will be used to determine the life expectancy when calculating RMDs. This table will be used to calculate the participant's life expectancy unless he or she has a spouse who is more than 10 years younger. In such instances, the new joint life expectancy table is to be used.

Naming A Beneficiary Who Is Not A Person

Naming an institution, charity, or the estate as beneficiary is, in the eyes of this regulation, the same as having "no beneficiary", which means that the participant's remaining assets must be distributed within 5 years after death. Naming a "Trust" as beneficiary may allow for the individual trust beneficiaries to be treated as named beneficiaries *if* the appropriate rules were followed. You may want to double check with your attorney to make sure your Trust is set up properly before naming the Trust as beneficiary.